

Nebraska, as well as Neighboring Missouri and Arkansas, Have Raised their Minimum Wages, while Maintaining a Strong Workforce and Economy

This November, Nebraskans will have an opportunity to raise the state's minimum wage when they head to the polls. Under Initiative 433, the state's minimum wage would gradually increase to \$15 an hour by 2026, with annual cost of living adjustments thereafter. The measure would benefit nearly 150,000 workers, according to [estimates](#) by the Economic Policy Institute.

Minimum wage increases are a tried-and-true approach to boosting workers' paychecks, without negative effects, as the prior experience of Nebraska and neighboring Arkansas and Missouri shows, and as over two decades of economic research demonstrates.

Nebraska has boosted workers' earnings before, without adverse effects for workers or businesses

In November 2014, Nebraska voters approved a ballot initiative raising the state's minimum wage to \$8.00 in 2015 and \$9.00 in 2016. The measure received the support of nearly 60 percent of voters, and the endorsement of diverse communities—from workers and labor groups, individual business owners, and groups representing the interests of rural communities.¹ NELP's analysis of employment, wage, and business data suggests that the minimum wage increase has not had a negative impact on Nebraska's economy. These findings are in line with over two decades of economic research on the minimum wage, which finds that higher wage floors raise the earnings of underpaid workers without negative effects on employment.²

At the time of passage in 2014, Nebraska's unemployment rate was 3.3 percent. By the time the state had reached its target rate of \$9.00 in 2016, the unemployment rate had dropped to 3.1 percent. During this same time, there were net gains in the number of employed workers (0.5 percent, or 5,250 workers), business starts (4.0 percent, or 42 applications), and the number of businesses (2.7 percent, or 1,807 establishments).

A year later, these positive economic trends continued. The unemployment rate dropped again to 3.0 percent. Between 2014 and 2017, the size of the employed workforce grew by 1.3 percent (13,058 workers); the number of businesses starts increased by 18.9 percent (195 new applications); and the number of businesses grew by 3.1 percent (2,037 establishments). While, based on these numbers alone, we cannot attribute the positive economic trends directly to a higher minimum wage, the data suggests that Nebraska’s 2014 minimum wage law did not have negative impacts on workers or businesses.

Table 1. Change in total employment, unemployment rates, business applications, and number establishments in Nebraska between 2014-2017

Year	Employment	Unemployment Rate	New Business Applications (Annual Average)	Number of Establishments
2014	979,639	3.3%	1,031	66,612
2015	981,460	3.0%	1,070	67,129
2016	984,889	3.1%	1,073	68,419
2017	992,697	3.0%	1,226	68,649
Change 2014-2016	+ 5,250	- 0.2%	+ 42	+ 1,807
Change 2014-2017	+ 13,058	- 0.3%	+ 195	+ 2,037

Source: NELP analysis of U.S. Bureau of Labor Statistics, *Local Area Unemployment Statistics* (employment and unemployment rates); U.S. Census Bureau, *Business Formation Statistics* (business applications, seasonally adjusted); and U.S. Bureau of Labor Statistics, *Quarterly Census of Employment and Wages* (number of establishments). Number of establishments refers to the private sector.

Looking at the lowest paying—and therefore most impacted—industries, we notice a similar pattern of no negative impacts (Table 2). Between 2014 and 2016, employment in the **restaurant industry** grew by nearly 2,000 workers, aggregate wages increased by over \$124 million, and annual wages increased by more than \$1,600. The **retail trade industry** experienced similar increases, with a net gain of over 2,300 workers, \$250 million in total additional wages, and over \$1,700 in additional annual pay. The **health care and social assistance industry** outperformed the other two, with a net gain of almost 4,000 workers, \$590 million in additional aggregate wages, and more than \$3,400 in additional annual pay.

Those numbers were still positive and growing a year later, except for the retail trade industry, which saw a small decline in its employed workforce in 2017—a reflection of *nationwide* trends (including the rise in e-commerce and discount retailers, and the diversion of more discretionary income towards travel and food services) which led to a *nationwide* decline in retail employment between 2017 and 2019.³

Table 2. Change in employment, total wages, and annual pay in Nebraska, 2014-2017, by selected industry in the private sector			
Industry	Employment	Total Wages	Average Annual Pay
Restaurants and Other Eating Places			
2014	58,519	\$787,438,000	\$13,456
2015	59,015	\$851,070,000	\$14,421
2016	60,405	\$912,018,000	\$15,098
2017	60,931	\$945,191,000	\$15,512
Change 2014-2016	+ 1,886	+ \$124,580,000	+ \$1,642
Change 2014-2017	+ 2,412	+ \$157,753,000	+ \$2,056
Retail Trade			
2014	108,092	\$2,659,731,000	\$24,606
2015	109,959	\$2,790,972,000	\$25,382
2016	110,448	\$2,909,730,000	\$26,345
2017	109,274	\$2,960,499,000	\$27,092
Change 2014-2016	+ 2,356	+ \$249,999,000	+ \$1,739
Change 2014-2017	+ 1,182	+ \$300,768,000	+ \$2,486
Health Care and Social Assistance			
2014	121,451	\$4,894,603,000	\$40,301
2015	122,339	\$5,227,953,000	\$42,733
2016	125,419	\$5,484,899,000	\$43,733
2017	126,840	\$5,677,797,000	\$44,764
Change 2014-2016	+ 3,968	+ \$590,296,000	+ \$3,432
Change 2014-2017	+ 5,389	+ \$783,194,000	+ \$4,463
Source: NELP analysis of U.S. Bureau of Labor Statistics, <i>Quarterly Census of Employment and Wages</i> , 2014-2017.			

Nebraska's neighboring states Arkansas and Missouri have increased their minimum wage without negative effects

Neighboring Arkansas and Missouri have also raised their minimum wages in recent years. As with Nebraska, these states did not experience negative impacts. *In what follows, NELP presents an analysis of selected economic indicators in Arkansas and Missouri. Although we include all data between 2014 and 2021 (the latest full year for which data is available) in*

tables 3 to 5, we limit our analysis to 2014-2019, to exclude the effects of the COVID-19 pandemic on the economy.

Since 2014, **Arkansas** voters have approved two separate minimum wage increases: \$8.50 by 2017,⁴ and \$11.00 by 2021.⁵ Between 2014 and 2017, the state’s employed workforce grew by 3.8 percent (48,095 workers), the unemployment rate fell by 2.2 percentage points, the number of new business applications increased by 27.6 percent (420 applications), and the total number of businesses grew by 3.1 percent (2,521 businesses). Between 2014 and 2019, these indicators were much stronger, with significantly higher net gains in the number of employed workers, new business applications, and businesses; and a larger drop in the unemployment rate (table 3).

Table 3. Change in total employment, unemployment rates, business applications and number of establishments in Arkansas (2014-2019) and Missouri (2018-2019)				
Year	Employment	Unemployment Rate	New Business Applications (Annual Average)	Number of Establishments
Arkansas				
2014	1,249,646	5.9	1,522	82,581
2015	1,273,049	5.0	1,606	83,673
2016	1,290,425	4.0	1,722	84,197
2017	1,297,741	3.7	1,942	85,102
2018	1,302,521	3.6	2,155	86,265
2019	1,318,192	3.5	2,129	87,680
2020	1,274,045	6.1	2,718	89,149
2021	1,277,953	4.1	3,455	91,596
Change 2014-2017	+ 48,095	- 2.2	+ 420	+ 2,521
Change 2014-2019	+ 68,546	- 2.4	+ 607	+ 5,099
Missouri				
2018	2,949,657	3.2	4,924	191,036
2019	2,976,711	3.1	4,917	199,367
2020	2,852,524	6.1	5,871	207,760
2021	2,926,668	4.4	7,052	211,196
Change 2018-2019	+ 27,054	- 0.1	- 7	+ 8,331
Source: NELP analysis of U.S. Bureau of Labor Statistics, <i>Local Area Unemployment Statistics</i> (employment and unemployment rates); U.S. Census Bureau, <i>Business Formation Statistics</i> (business applications, seasonally adjusted); and U.S. Bureau of Labor Statistics, <i>Quarterly Census of Employment and Wages</i> (number of establishments). Number of establishments refers to the private sector. 2021 establishment estimates are preliminary.				

During this time, Arkansas' restaurant, retail, and healthcare and social assistance industries also posted strong numbers, as Table 4 shows. Total wages were particularly strong, with increases between \$240 million (restaurant industry) and \$1 billion (healthcare and social assistance) from 2014 to 2017, and between \$384 million and \$1.6 billion from 2014 to 2019. Average annual pay also increased substantially in all industries, as did employment—except for employment in the retail industry, which increased by only 0.3 percent between 2014 and 2019, because of the same national trends discussed above.

Table 4. Change in employment, total wages, and annual pay in Arkansas, 2014-2019, by selected industry in the private sector			
Industry	Employment	Total Wages	Average Annual Pay
Restaurants and Other Eating Places			
2014	82,277	\$1,113,073,000	\$13,528
2015	85,339	\$1,197,044,000	\$14,027
2016	88,069	\$1,284,866,000	\$14,589
2017	88,868	\$1,352,692,000	\$15,221
2018	90,001	\$1,401,791,000	\$15,575
2019	91,631	\$1,496,830,000	\$16,335
2020	82,257	\$1,429,652,000	\$17,380
2021	88,911	\$1,717,918,000	\$19,322
Change 2014-2017	+ 6,591	+ \$239,619,000	+ \$1,693
Change 2014-2019	+ 9,354	+ \$383,757,000	+ \$2,807
Retail Trade			
2014	136,274	\$3,361,439,000	\$24,667
2015	140,534	\$3,535,523,000	\$25,158
2016	142,277	\$3,714,560,000	\$26,108
2017	140,615	\$3,770,604,000	\$26,815
2018	139,125	\$3,814,764,000	\$27,420
2019	136,738	\$3,864,290,000	\$28,261
2020	135,044	\$4,126,159,000	\$30,554
2021	140,004	\$4,628,635,000	\$33,061
Change 2014-2017	+ 4,341	+ \$409,165,000	+ \$2,148
Change 2014-2019	+ 464	+ \$502,851,000	+ \$3,594

Table 4. Change in employment, total wages, and annual pay in Arkansas, 2014-2019, by selected industry in the private sector			
Industry	Employment	Total Wages	Average Annual Pay
Health Care and Social Assistance			
2014	158,257	\$6,161,864,000	\$38,936
2015	161,079	\$6,476,916,000	\$40,210
2016	166,815	\$6,846,393,000	\$41,042
2017	171,938	\$7,206,355,000	\$41,912
2018	174,245	\$7,465,372,000	\$42,844
2019	175,491	\$7,795,822,000	\$44,423
2020	169,347	\$8,125,269,000	\$47,980
2021	168,604	\$8,571,134,000	\$50,836
Change 2014-2017	+ 13,681	+ \$1,044,491,000	+ \$2,976
Change 2014-2019	+ 17,234	+ \$1,633,958,000	+ \$5,487
<small>Source: NELP analysis of U.S. Bureau of Labor Statistics, <i>Quarterly Census of Employment and Wages</i>. 2021 estimates are preliminary.</small>			

Missouri enacted a higher minimum wage law in 2018, when voters approved a \$12.00 by 2023 minimum wage initiative.⁶ Between 2018 and 2019 (the first year of the increase before the COVID-19 pandemic), Missouri’s employed workforce grew by over 27,000 workers, its unemployment rate fell slightly to 3.1 percent, and the number of businesses in the state grew by over 8,000. New business applications slowed down slightly in 2019 compared to the pace of growth in 2018. (Table 3, above).

During this same time, the restaurant, retail, and healthcare and social assistance industries also posted gains in various economic indicators (table 5), except for employment in retail trade, which fell by 2.1 percent, because of nationwide economic trends. (See above discussion). Despite this drop in retail employment, total wages in the industry increased by \$59 million, and average annual pay increased by \$815.

Employment, total wages, and annual pay were particularly strong in the health care and social assistance industry, which increased by 1.9 percent, 5.1 percent, and 3.2 percent, respectively. (Table 5).

While these positive figures cannot be attributed to increases in Arkansas’ and Missouri’s minimum wages alone without further study, they are in line with decades of research showing that minimum wage increases raise the earnings of affected workers without negative effects on jobs or other economic indicators.⁷

Table 5. Change in employment, total wages, and annual pay in Missouri, 2018-2019, by selected industry in the private sector

Industry	Employment	Total Wages	Average Annual Pay
Restaurants and Other Eating Places			
2018	206,521	\$3,454,679,000	\$16,728
2019	207,638	\$3,623,886,000	\$17,453
2020	180,327	\$3,291,841,000	\$18,255
2021	193,022	\$4,019,224,000	\$20,823
Change 2018-2019	+ 1,117	+ \$169,207,000	+ \$725
Retail Trade			
2018	311,177	\$8,862,631,000	\$28,481
2019	304,532	\$8,921,688,000	\$29,296
2020	291,422	\$9,317,030,000	\$31,971
2021	301,134	\$10,343,723,000	\$34,349
Change 2018-2019	- 6,645	+ \$59,057,000	+ \$815
Health Care and Social Assistance			
2018	409,730	\$18,842,959,000	\$45,989
2019	417,414	\$19,805,091,000	\$47,447
2020	405,508	\$20,407,531,000	\$50,326
2021	405,700	\$21,528,164,000	\$53,064
Change 2018-2019	+ 7,684	+ \$962,132,000	+ \$1,458
<small>Source: NELP analysis of U.S. Bureau of Labor Statistics, <i>Quarterly Census of Employment and Wages</i>. 2021 estimates are preliminary.</small>			

Decades of research shows that higher minimum wages can lead to positive outcomes

Decades of pre-pandemic research shows that higher minimum wages raise the earnings of underpaid workers without leading to job losses. Both individual studies as well as meta-studies—the analysis and synthesis of individual studies—of the effects of minimum wage found close to zero impact on employment.⁸ A recent NELP analysis finds that between the end of the Great Recession (2009) and 2018, workers at the bottom of the income distribution *in states that increased their minimum wages* experienced real wage gains of 3.8 percent; while those *in states that did not increase their minimum wages* experienced real wage declines of 0.5 percent.⁹ This NELP finding is in line with others showing that the minimum wage is an effective tool to boost paychecks.¹⁰

Higher minimum wage increases can also have other positive effects, including poverty reduction, improved educational outcomes,¹¹ improved infant well-being,¹² and improved mental and physical health.¹³

Over 20 years of research show that higher minimum wages raise the earnings of affected workers without reducing their employment, and that higher minimum wage policies have important ancillary benefits beyond bigger paychecks. Nebraska voters can embrace a vision of abundance by sharing on these benefits by approving Initiative 433.

Endnotes

1. Ballotpedia, *Nebraska Minimum Wage Increase, Initiative 425 (2014)*, [https://ballotpedia.org/Nebraska_Minimum_Wage_Increase_Initiative_425_\(2014\)](https://ballotpedia.org/Nebraska_Minimum_Wage_Increase_Initiative_425_(2014)). Accessed August 2, 2022.
2. See summary of minimum wage research in Laura Huizar, *A \$12 Minimum Wage: Broad Benefits for Workers and Small Businesses Across Missouri*, National Employment Law Project, August 2018, <https://s27147.pcdn.co/wp-content/uploads/12-MO-Ballot-Small-Business-Impact.pdf#page=3>.
3. Daniel Dorfman, U.S. Bureau of Labor Statistics, "Retail Trade Employment: Before, During, and After the Pandemic," *Beyond the Numbers*, Vol. 11, No. 4 (April 2022), <https://www.bls.gov/opub/btn/volume-11/retail-trade-employment-before-during-and-after-the-pandemic.htm>.
4. Ballotpedia, *Arkansas Minimum Wage Initiative, Issue 5 (2014)*, [https://ballotpedia.org/Arkansas_Minimum_Wage_Initiative_Issue_5_\(2014\)](https://ballotpedia.org/Arkansas_Minimum_Wage_Initiative_Issue_5_(2014)). Accessed August 15, 2022.
5. Ballotpedia, *Arkansas Issue 5, Minimum Wage Increase Initiative (2018)*, [https://ballotpedia.org/Arkansas_Issue_5_Minimum_Wage_Increase_Initiative_\(2018\)](https://ballotpedia.org/Arkansas_Issue_5_Minimum_Wage_Increase_Initiative_(2018)). Accessed August 15, 2022.
6. Ballotpedia, *Missouri Proposition B, \$12 Minimum Wage Initiative (2018)*, [https://ballotpedia.org/Missouri_Proposition_B_\\$12_Minimum_Wage_Initiative_\(2018\)](https://ballotpedia.org/Missouri_Proposition_B_$12_Minimum_Wage_Initiative_(2018)). Accessed August 15, 2022.
7. Laura Huizar, op. cit.
8. See summary of minimum wage research in Yannet Lathrop, "Overview of the Economic Research on the Impact of Minimum Wage Increases," *In Support of a \$15 Minimum Wage in New Hampshire* [Testimony], National Employment Law Project, February 20, 2019, <https://s27147.pcdn.co/wp-content/uploads/NELPTestimony-in-Support-of-15-New-Hampshire.pdf#page=14>. See also, Laura Huizar, *ibid*.
9. Irene Tung, *Minimum Wage Increases Reverse Post-Recession Wage Declines for Workers in Lowest-Paid Jobs*, National Employment Law Project, February 2020, <https://www.nelp.org/publication/minimum-wage-increases-reverse-post-recession-wage-declines-workers-lowest-paid-jobs/>.
10. See Arindrajit Dube, "Minimum Wages and the Distribution of Family Incomes," *American Economic Journal: Applied Economics*, Vol 11, No. 4 (October 2019); Kevin Rinz and John Voorheis, "The Distributional Effects of Minimum Wages: Evidence from Linked Survey and Administrative Data," *U.S. Census Bureau Center for Administrative Records Research and Applications*, Working Paper 2018-02, 2018. See also summary in op. cit, endnote 6.
11. Yannet Lathrop, op. Cit.
12. See George L. Wehby, Dhaval M. Dave, and Robert Kaestner, "Effects of the Minimum Wage on Infant Health," *Journal of Policy Analysis and Management*, Vol. 39, No. 2 (Spring 2020); and Kerri M. Raissian and Lindsey Rose Bullinger, "Money Matters: Does the Minimum Wage Affect Child Maltreatment Rates?" *Children and Youth Services Review*, Vol. 72 (January 2017).
13. See Yannet Lathrop, op. cit.; Alex K. Gertner, Jason S. Rotter and Paul R. Shafer, "Association Between State Minimum Wages and Suicide Rates in the U.S.," *American Journal of Preventive Medicine*, Vol. 56, Issue 5 (May 2019); Anna Godøy and Ken Jacobs, "The Downstream Benefits of Higher Incomes and Wages," *Federal Reserve Bank of Boston*, Discussion Paper 2021-1 (April 2021), <https://www.bostonfed.org/publications/community-development-discussion-paper/2021/the-downstream-benefits-of-higher-incomes-and-wages>; and William H. Dow, Anna Godoey, Christopher A. Lowenstein and Michael Reich, "Can Labor Market Policies Reduce Deaths of Despair?" *Journal of Health Economics*, Vol. 74 (2020), <https://irle.berkeley.edu/can-labor-market-policies-reduce-deaths-of-despair/>.

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