

# A Minimum Wage Youth Exemption Would Hurt Polk County Workers & Undermine Responsible Employers

*Exempting teen workers from the minimum wage would hurt teen workers and their families, and would not address the decline in teen workforce participation – which has nothing to do with the minimum wage. Moreover, such an exemptions would offer few benefits for employers, since teens make up a very small share of Iowa’s workforce and of the workers who would benefit from a minimum wage increase. Polk County should reject any proposed subminimum wages or exemptions for teen workers.*

## A Subminimum Wage for Teenagers Would Be Harmful and Is Unnecessary

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- Exempting teens from the minimum wage **would offer little benefit for employers, since 87 percent of low-wage workers in Polk County are adults 20 or older,**<sup>1</sup> and teens are just 3.4 percent of the county’s workforce.<sup>2</sup>
- **Many teen workers provide essential income** to struggling low- and middle-income households. Cutting them out of a minimum wage increase would hurt their households more.
- Today **more than 70 percent of college students work** as they struggle with high tuition and debt – **an average of 30 hours per week.**<sup>3</sup> Exempting them from a higher minimum wage will **force them to work more hours, take longer to graduate, and take on more debt** – hurting their economic futures.
- Iowa law already allows businesses to pay **a lower minimum wage of \$6.35 for the first 90 days of a new hire’s employment,**<sup>4</sup> giving employers the ability to pay teens and other new workers a lower rate during training. A lower permanent minimum wage for teens would be ill-advised.
- A teen subminimum wage will **hurt adult workers – especially in high unemployment areas** – who are competing to find jobs.

## Low Teen Employment Levels Have Nothing to Do With the Minimum Wage

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- Minimum wage opponents argue that teens will lose job opportunities if their minimum wage is increased. But as Bloomberg News reports, **“a wave of new economic research is disproving those arguments about job losses and youth employment.”**<sup>5</sup> State-of-the-art research on teens and the minimum wage by economists at the University of California<sup>6</sup> found **that higher minimum wages have no effect on teen employment**, including for African-American teens.
- While African American teens face much higher unemployment than their white peers, this **trend has nothing to do with the minimum wage**, and has persisted whether the minimum wage has gone up or stayed flat.<sup>7</sup>
- Overall **teen employment has been falling for decades**,<sup>8</sup> **regardless of whether the minimum wage has been flat or increasing** – making it clear that this decline has nothing to do with the minimum wage.
- **There are multiple reasons for this trend**, including the fact that today more teens are full-time students, that fewer upper income teens work, and that working class teens face increasing job competition from adult workers, many of whom cannot afford to retire.<sup>9</sup>
- **The solution for low teen employment levels is not to exempt teens from the minimum wage, but to institute and expand support for targeted and subsidized hiring programs**, such as publicly supported summer jobs programs. With adequate funding, these programs are among the most effective means of boosting teen employment.

## Endnotes

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1. Peter S. Fisher, *The Case for a Polk County Minimum Wage*, The Iowa Policy Project, May 2016, <http://www.iowapolicyproject.org/2016docs/160516-minwage-Polk.pdf>.
2. NELP analysis of U.S. Census, *2014 American Community Survey 1-Year Estimates, Sex by Age by Employment Status for the Population 16 Years and Over*.
3. Anthony P. Carnevale, Nicole Smith, Michelle Melton, and Eric W. Price, *Learning While Earning: The New Normal*, Georgetown University, Center on Education and the Workforce, 2015, <https://cew.georgetown.edu/wp-content/uploads/Working-Learners-Report.pdf>.
4. Iowa Workforce Development, *Wage Frequently Asked Questions*, <http://www.iowadivisionoflabor.gov/wage-frequently-asked-questions>.
5. Bloomberg View Editorial Board, “Raise the Minimum Wage,” *Bloomberg*, April 16, 2012, <http://www.bloombergview.com/articles/2012-04-16/u-s-minimum-wage-lower-than-in-lbj-era-needs-a-raise>.
6. Sylvia Allegretto, Arindrajit Dube and Michael Reich, “Do Minimum Wages Really Reduce Teen Employment? Accounting for Heterogeneity and Selectivity in State Panel Data,” *Industrial Relations* 50: 205-240, 2011, <http://www.irl.berkeley.edu/workingpapers/166-08.pdf>.
7. Ann Thompson, *What Is Causing Record-High Teen Unemployment? Range of Economic Factors Drives High Teen Unemployment, But Minimum Wage Not One of Them*, National Employment Law Project, October 2011, [http://nelp.3cdn.net/5f5063b72229a9081a\\_jym6bkbrw.pdf](http://nelp.3cdn.net/5f5063b72229a9081a_jym6bkbrw.pdf). See also Allegretto et al., *ibid*.
8. Teresa Morisi “The Early 2000s: A Period of Declining Teen Summer Employment Rates,” *Monthly Labor Review*, Bureau of Labor Statistics, May 2010, <http://www.bls.gov/opub/mlr/2010/05/art2full.pdf>.
9. Anne Thompson, Op.Cit.

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