

Minimum Wage in Oklahoma: What to Expect



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Who we are



is...

- The voice of small business
- 300,000 members, including over 4,000 in Oklahoma

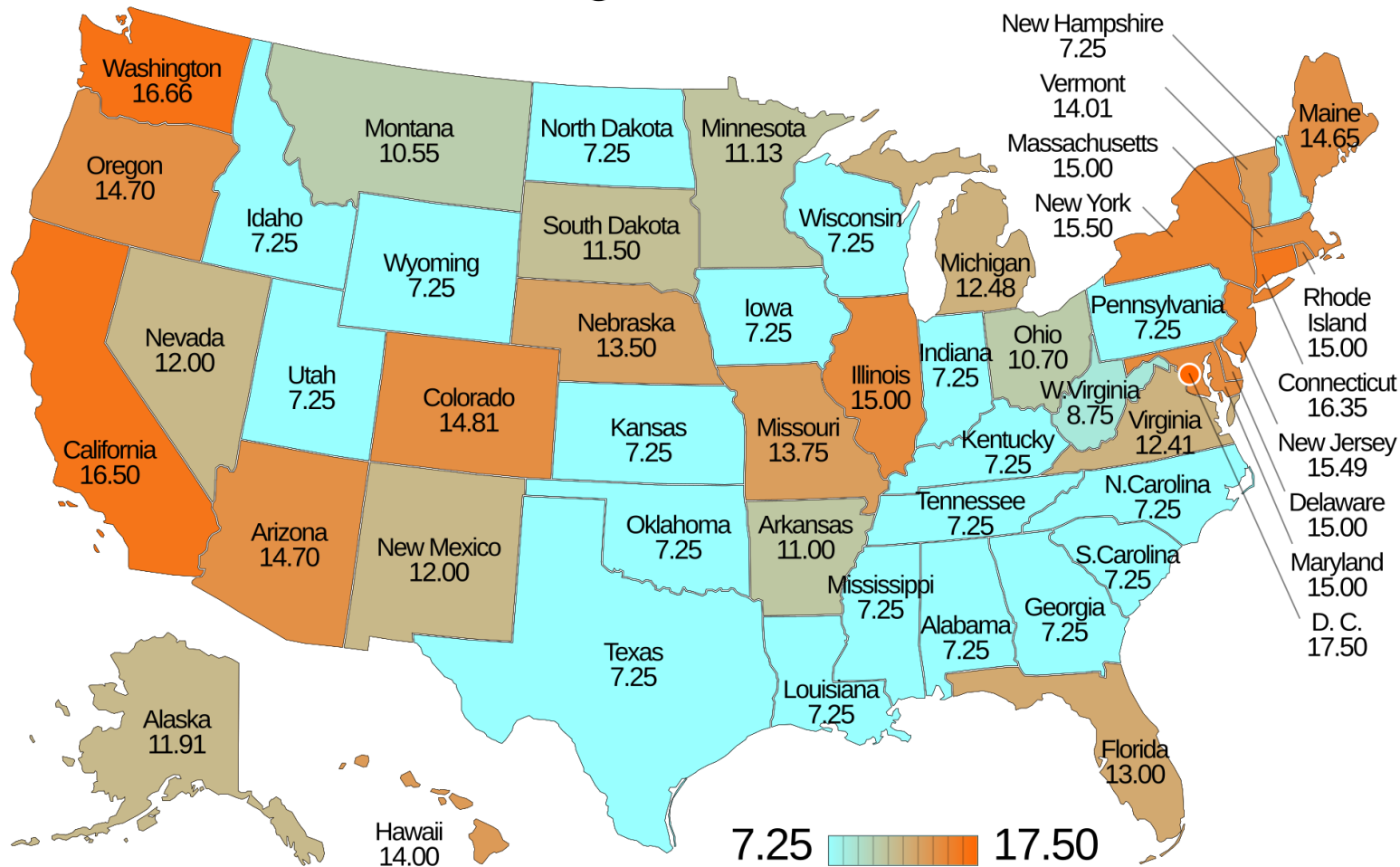


I am...

- An Economist by training
- My goal: Explain the research perspective

Lots of examples to learn from

State minimum wages, in dollars. Feb. 21, 2025



Many states have raised their minimum wage over the years, so lots for Oklahoma to learn from

Extensive, complex effects

All the Other Effects

The Letter of the Law

- The lowest-paid workers get a raise.
 - Somewhere around 15% of OK workers

Modest price increases

Low-wage workers spend more

Businesses trim jobs

Some workers above minimum wage also get raises

Business convert some full-time positions to part-time

Some reductions in health care

Investments shift away from newly expensive jobs

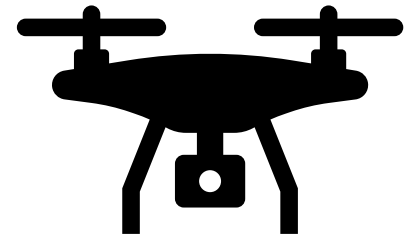
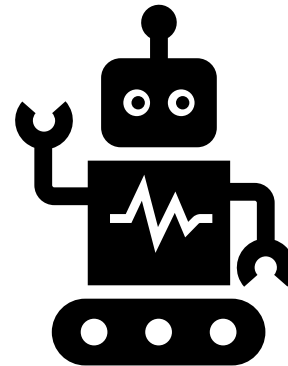
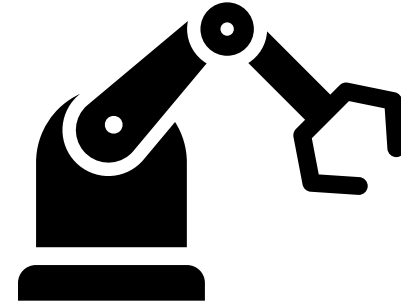
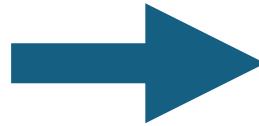
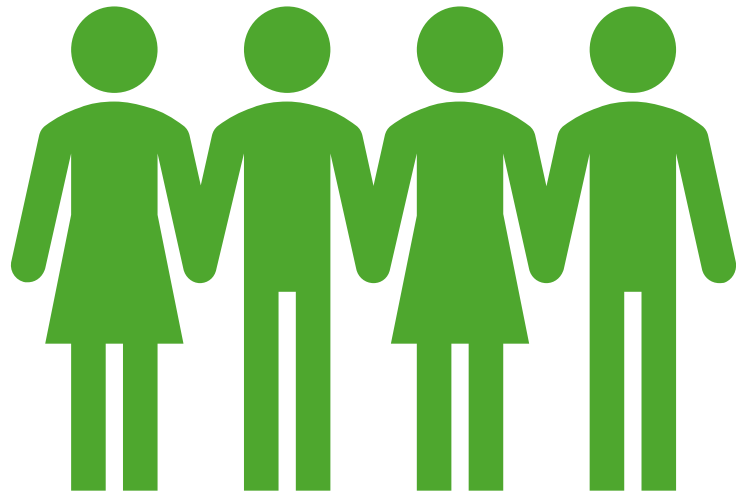
Impacts evolve over time

Positive impacts
are felt most in
the short term



Negative impacts
accumulate over
time

People replaced by machines/tech



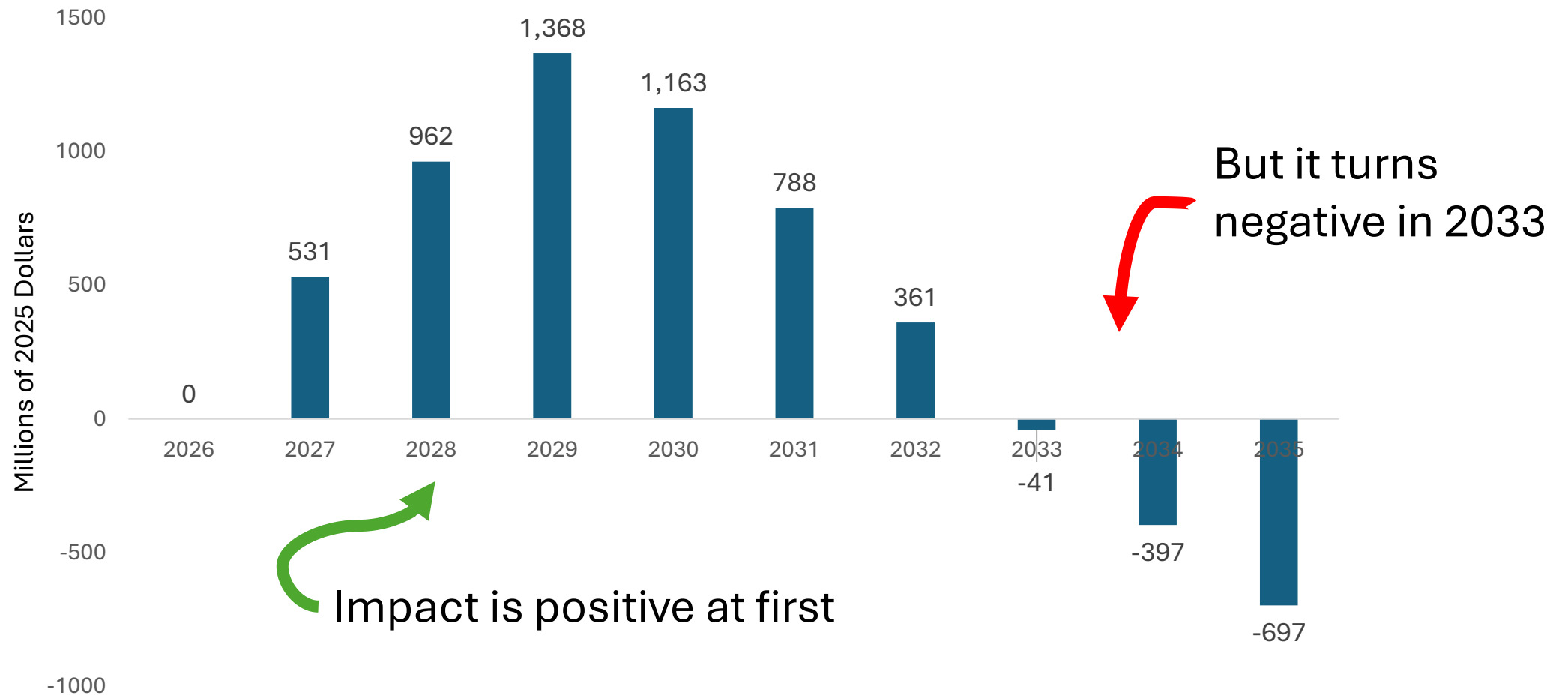
How will it affect Oklahoma?



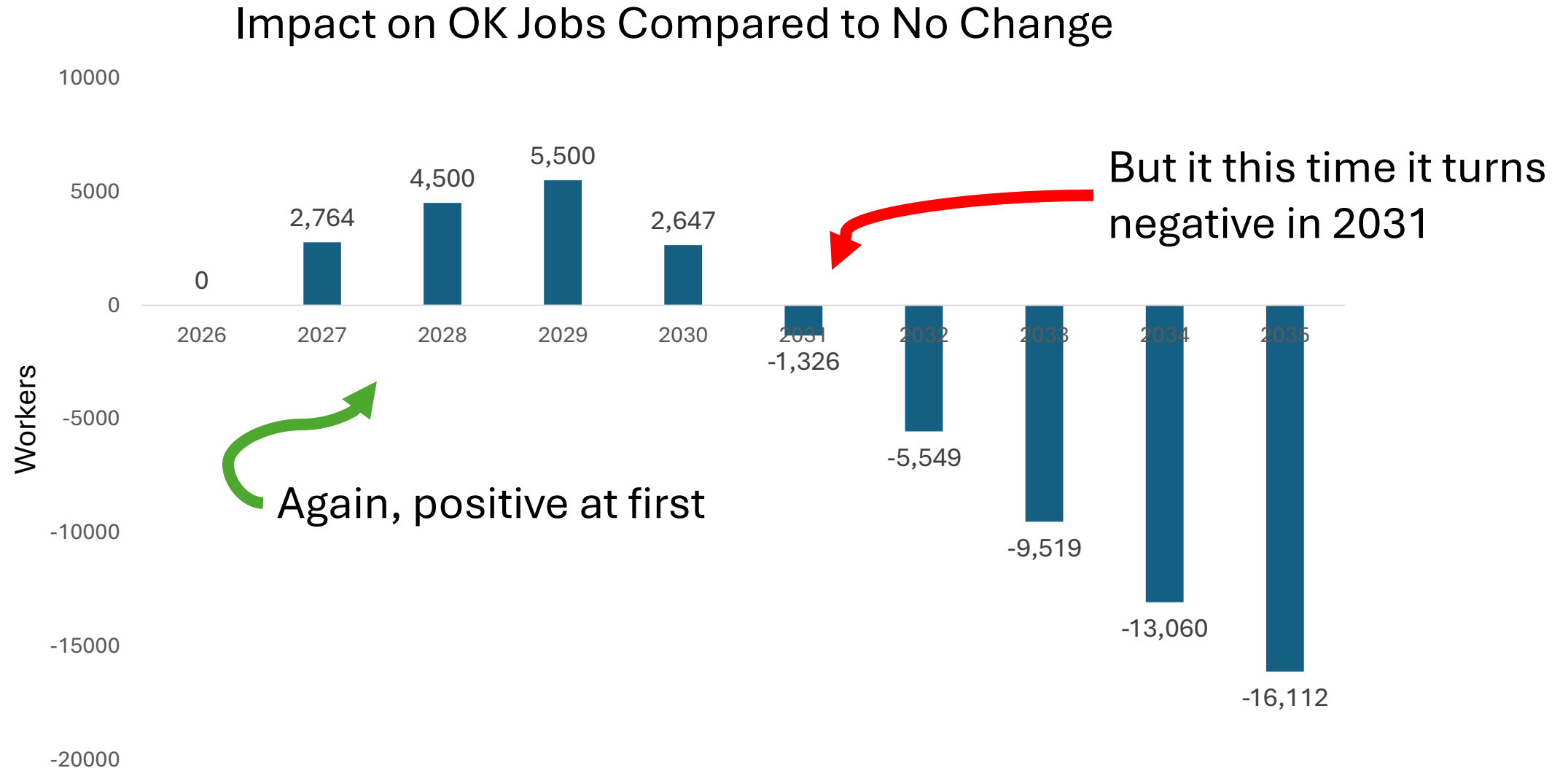
NFIB ran a simulation to understand how this proposal would impact Oklahoma

How will it affect Oklahoma GDP?

Impact on OK GDP Compared to No Change



How will it affect Oklahoma jobs?



Key Takeaways from the Oklahoma Simulation:

1

Negative effects
not as bad as
critics might
suggest, but
worse than
supporters want

2

Short term gain,
long term pain

- This is due to
incentives to shift
investments

3

Some research
suggests jobs
impact could be
worse when
downturn hits

Conclusions from other research:



Yes, minimum wage increases do drive price increases. No, those price increases aren't huge, because labor is only part of total price.



Employers don't just cut jobs completely; they shift full-time jobs to part-time.



Sometimes, they cut health insurance (small businesses have to save somewhere).

A lesson from California NFIB Members:

High minimum wage = difficulty

Minimum wage ranks as a
much worse problem here,
where it's \$16.50





Key point: Job losers are not random

- Reliable workers with consistent employment should be fine
- At risk: Young people, people with work disruptions, higher unemployment groups, etc.
- Small businesses can't afford to take a chance on a borderline candidate when the price is so high

Final Conclusions:



Significant minimum wage increase has many impacts beyond the wages themselves



The negative impacts worsen over time



Oklahoma would likely see short-term gains that turn to losses after roughly five years



Restricting businesses ends up restricting people

