

The impacts of the minimum wage on post-secondary enrollment and retention

Diana Alessandrini, Joniada Milla. "The impacts of the minimum wage on post-secondary enrollment and retention."
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Context

Previous studies have shown that the minimum wage can reduce enrollment at the secondary and post-secondary level. The effects of the minimum wage are more heterogeneous than previously thought and differ by type of post-secondary program. The minimum wage affects enrollment differently in university versus community college. In addition, these impacts vary by students' demographics, socio-economic background, and employment history.

Key finding(s) from the research

Minimum wage hikes are associated with an increase in community college enrollment and a reduction in university enrollment.

Population(s) studied: Ages 18-45 with at least a high-school diploma (or GED equivalent), excludes residents of Quebec

Research dataset(s) used: Survey of Labour and Income Dynamics (SLID) 1993-2011

Policy implications for this research

The results of this paper shed new light on the unintended effects of the minimum wage policy on educational attainment and human capital formation. We find that recent high-school graduates and individuals from low socioeconomic backgrounds are less likely to study in university when the minimum wage rises. However, mature students are more likely to attend community college and acquire occupation-specific skills following a minimum wage hike. Hence, increasing the minimum wage likely generates a multitude of effects, which do not always go in the same direction. Overall, these findings provide insights to policymakers on the effects of minimum wage policy on higher education attainment and have implications for policy decisions.

Policy area(s) this research can inform: Education, training and learning; Government

Read the full article

Alessandrini, D. & Milla, J. (2023). "Minimum Wage Effects on Human Capital Accumulation: Evidence from Canadian Data." *Journal of Human Capital*, <https://doi.org/10.1086/728084>