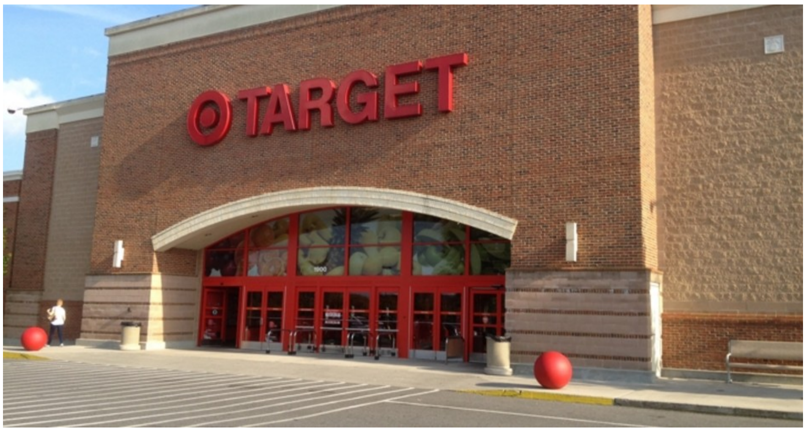
Written by **Bob Adelmann** on October 15, 2019

Reality Check for CNN: Target's Wage Increase Being Offset by Fewer Hours



Two years ago, CNN was delighted to learn that Target was going to increase the minimum wage it was paying its employees: "Target is giving its workers a raise." It explained that the company would start paying $11 an hour while committing to additional raises over the next few years to $15 an hour by the end of 2020.

Nothing was said at the time about just who was going to be paying for those increased wages.

On Monday, CNN answered that question: the employees themselves, by many of them having their hours cut.

Over the last few months, *CNN Business* interviewed 23 current and former Target employees and learned that many of them had had their hours cut as their hourly wage increased. Said CNN: "Many of these workers say the cuts … have hurt them financially."

Their lengthy summary of those interviews included this from Heather who started work at a Target store in Florida last November: "I got that dollar raise but I'm getting $200 less in my paycheck." Caren Morales quit working at Target when her paycheck didn't cover the cost of daycare for her daughter. Others, such as Michael, a veteran worker at a Target store in Texas, have had their hours cut so that they are "right at the cutoff point" for qualifying for the company's healthcare benefits. Michael needs 30 hours a week or more to qualify but he now averages between 20 and 30 hours. Said Michael: "I'm hoping … Christmas will keep me at the average needed but at this rate, who knows?"

Such was predicted years ago by Cato, a free-market think tank. In its summary of "The Negative Effects of Minimum Wage Laws," author Mark Wilson said that when businesses raise wages they must "make adjustments to pay for the added costs, such as reducing hiring, cutting employee work hours, reducing benefits, and charging higher prices." In other words, wrote Wilson, "A decision to increase the minimum wage is not cost free." It must be paid for by someone.

One former Target store director in Ohio was forced to cut the hours of 130 people he managed when his store opened self-checkout kiosks and reduced backroom shifts as new more efficient handling strategies were installed. He told *CNN Business*: "Older cashiers were used to getting 30-some hours and [then] they were getting less and less. [The company] really cut those hours back … with the introduction of self-checkout."

The reality is simple: It's often cheaper for retailers such as Target to hire part-time people rather than full-time employees because of the increasing costs of healthcare. In addition, full-time employees get more paid time off and if there is extra work needed on short notice they become eligible for overtime pay.

A spokesman for Target tried to spin the results of the CNN report: "We've been investing more than ever in our stores team, including more than 100 million additional payroll hours each year since 2017, so that we can create a great experience for our guests. In fact, nearly half of our team members are working more hours than they were last year, while the remainder is either working the same hours or slightly less."

This is the reality Target is dealing with. An increase in wages must be paid by someone. What CNN learned is that, in many cases, those costs are being borne by the very people those wage increases were supposed to help.

Image: Mike Kalasnik / Wikimedia Commons

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