What is state minimum wage and why is it important?

All references for this section are provided in the Notes and Sources section at the bottom of each webpage. Additionally, search the Prenatal-to-3 Policy Clearinghouse for an ongoing inventory of rigorous evidence reviews, including more information on state minimum wages.

What impact do state minimum wage increases have?

The following studies meet standards of strong causal evidence to demonstrate the impacts of state minimum wages for the health and wellbeing of young children and their families:


**What progress have states made in the last year to adopt and fully implement a state minimum wage of $10 or greater? How do states compare to one another in making progress toward full and equitable implementation of a state minimum wage of $10.00 or greater?**

To assess progress in adopting and fully implementing a state minimum wage of $10.00 or greater, we have developed a ranking methodology that gives states credit for:

- The current value of their minimum wage, relative to both the federal minimum wage and a $10.00 per hour threshold;
- Eliminating subminimum wage for tipped workers;
• Implementing indexed wage increases adjusted for inflation or scheduled increases to raise the state minimum wage to at least $10.00; and
• Whether the state has imposed restrictions on local authority in increasing the minimum wage.

These state actions are assigned a ranking on a scale of 0 to 6, according to the below schema.

Progress assessment methodology: Has a state adopted and fully implemented a minimum wage of $10.00 or greater?

<table>
<thead>
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<td></td>
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State labor statutes, state administrative codes, ballot initiatives, and other relevant government documents were used as the sources to evaluate states’ progress toward adopting and fully implementing a minimum wage of $10.00 or greater. The sources and detailed methodology used to assess a state’s current minimum wage, subminimum wage for tipped workers, scheduled minimum wage increases, and preemption laws can be found within the next section (measures 1, 3, 4, and 5). All other sources used to assess states’ progress can be found below.

We also performed an electronic search using Quorum State between August 15, 2021 and October 1, 2022 to assess legislative progress pertaining to the state minimum wage. The main search strategy used combinations of keywords for proposals to increase the regular state minimum wage (minimum wage OR minimum hourly rate OR fair wage OR living wage), to increase the tipped minimum wage ("tipped minimum wage" OR "tipped hourly rate" OR gratuity WITHIN 10 OF minimum wage OR gratuity WITHIN 10 OF hourly rate), to increase the minimum wage for workers with disabilities ("subminimum wage" OR 14c AND (minimum wage OR minimum hourly rate)), or impact the ability of localities to increase the state minimum wage ("local minimum wage" OR political subdivision WITHIN 5 OF "minimum wage" OR locality WITHIN 5 OF "minimum wage"). Research staff conducted searches, analyzed results for relevant state legislation, and summarized progress states made towards adopting and fully implementing increases in the state minimum wage.

This section also contains the sources for the information presented in the individual state Roadmaps.
## Sources:

<table>
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<th>State</th>
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<tbody>
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<td>Wyoming</td>
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How does the state minimum wage vary across states?

Data were collected for six different measures to assess how states vary in their minimum wage policies. The datasets, calculations, and sources referenced for each state are listed below. This section also contains the sources for the information presented in the individual state Roadmaps.

Measures 1, 3 & 5: Current nominal state hourly minimum wage (measure 1), current state hourly subminimum wage for tipped workers (measure 3), and scheduled increases to the state minimum wage (measure 5)

**Measure 1 Definition:**
Current state hourly minimum wage for large employers

**Measure 3 Definition:**
Current state hourly subminimum wage for tipped workers

**Measure 5 Definition:**
The state has scheduled increases to the minimum wage, including both legislatively established increases and cost-of-living adjustments

**Measures 1, 3 & 5 Notes:**
1. According to the US Dept. of Labor, Wage and Hour Division, workers can be covered by the Fair Labor Standards Act (FLSA) through “enterprise coverage” or “individual coverage.” Enterprise coverage applies to businesses with an annual dollar volume of sales or business of at least $500,000, and to hospitals, businesses providing medical or nursing care for residents, schools and preschools, and hospital agencies. Workers without enterprise coverage can be protected by the FLSA through individual coverage if their work involves interstate commerce or if they are domestic service workers, such as housekeepers, full-time babysitters, or cooks. Some exceptions for FLSA coverage apply to workers with disabilities, full-time students, individuals under 20 years old in their first 90 consecutive calendar days of employment, tipped employees, and students enrolled in vocational education programs.

2. Some states allow lower minimum wages to be set for employees working for employers below a certain threshold of number of employees or annual revenue, employees under the age of 18, employees in an initial "training" window of employment, and for employees who regularly receive more than $30 a month in tips.

3. In five states, there is no legislated state minimum wage (Alabama, Louisiana, Mississippi, South Carolina, and Tennessee). In two states, the state minimum wage is set below the federal minimum wage (Georgia and Wyoming). The Fair Labor Standards Act (FLSA) applies for covered workers in these states.

4. The minimum wage in Alaska is adjusted annually for inflation using the consumer price index for urban consumers in the Anchorage metro region (Urban Alaska CPI-U) for the preceding calendar year. The Urban Alaska CPI-U did not increase in 2020, therefore Alaska’s minimum wage remained the same from 2021 to 2022.
5. In California, the minimum wage for employers with 25 or fewer employees is $14.00. The minimum wage for employers with 25 or more employees is $15.00.

6. The minimum wage in Michigan was originally scheduled to increase to $12.05 in 2030. However, the state minimum wage did not increase in 2021 due to high unemployment (a rate greater than 8.5%) in 2020, thereby delaying all future scheduled increases by one year. Michigan’s state minimum wage is now scheduled to increase to $12.05 in 2031.

7. The minimum wage in Minnesota for large employers (more than $500,000 in annual revenues) is $10.33. The minimum wage for small employers (less than $500,000 in annual revenues) is $8.42.

8. In Missouri, employers whose annual gross income is less than $500,000 are exempt from the state minimum wage.

9. In Montana, the state minimum wage only applies to businesses with gross annual sales of more than $110,000.

10. In Nevada, the state minimum wage is a tiered system. If the employer provides qualifying health insurance, then the minimum wage is $9.50. If the employer does not provide qualifying health insurance, then the minimum wage is $10.50.

11. The minimum wage in New Jersey for seasonal and small employers (fewer than 6 employees) is $11.90. While the state minimum wage is scheduled to increase to $15.00 by 2024, seasonal and small employers are given until 2026 to reach $15.00. The minimum wage for agricultural workers who work on a farm is $10.90 and is scheduled to increase to $15.00 in 2027.

12. The minimum wage in Ohio for large employers (more than $342,000 in annual revenues) is $9.30. The minimum wage for small employers (less than $342,000 in annual revenues) is $7.25.

13. In Oregon, the standard minimum wage is $13.50. However, the minimum wage is higher ($14.75) for employers located within the Portland metro area or the urban growth boundary and lower ($12.50) for employers located in a non-urban area.

14. In six states, there is no legislated minimum wage for tipped workers (Alabama, Georgia, Louisiana, Mississippi, South Carolina, and Tennessee). The Fair Labor Standards Act (FLSA) applies for covered tipped workers in these states.

15. States often have subminimum wage amounts that are tied to the regular minimum wage value, either as set percentages or specific dollar amounts below the regular minimum wage.

16. In Connecticut, the tipped minimum wage is $6.38 for hotel and restaurant industry workers, excluding bartenders. The minimum wage for bartenders is $8.23.

17. The tipped minimum wage in New York for service employees is $11.00 and $8.80 for food service workers.

18. Many local governments have passed legislation to increase the minimum wage above that legislated by the state. Twenty-five states restrict the ability of their local governments to do so.

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| Rhode Island | 1. R.I. Gen. Laws § 28-12-3 (n.d.).  
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**Measure 2: Current cost-of-living adjustment minimum wage**

**Definition:**
Current cost-of-living adjusted minimum wage

**Notes:**
1. Measure 2 is calculated by applying the state's 2020 regional price parities index value for all items to the state's 2022 nominal minimum wage (measure 1). Regional Price Parities (RPPs) measure the differences in price levels across states and metropolitan areas for a given year and are expressed as a percentage of the overall national price level. All items RPPs cover all consumption goods and services, including housing rents. Areas with high/low RPPs typically correspond to areas with high/low price levels for rents.
2. Cost-of-living adjustments were calculated following the methodology used by researchers with the Federal Reserve Bank of St. Louis.¹

Sources:
1. US Bureau of Economic Analysis. (December 2021). *Table SARPP Regional Price Parities by state from GDP and personal income* [Data set]. Retrieved on August 19, 2022 from https://apps.bea.gov/iTable/iTable.cfm?reqid=70&step=1&isuri=1&acrdn=8#reqid=70&step=1&isuri=1
3. Individual state statutes listed above.

Measure 4: State minimum wage preemption laws

Definition:
The state has a preemption law that prohibits localities from setting minimum wages that are higher than the state minimum wage

Notes:
(none)

Sources:

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## Measure 6: Percentage of children under age 3 with at least one parent working full-time living near poverty

**Definition:**
The percentage of children under age 3 with at least one parent who worked full-time during the last year (at least 35 hours per day for at least 50 weeks out of the year) whose family income is below 150% of the Federal Poverty Level (FPL)
Notes:

1. **Numerator**: The number of children under age 3 with at least one parent who reported working full-time during the last year (at least 35 hours per day for at least 50 weeks of the year) whose family income is below 150% FPL.

2. **Denominator**: The number of children under age 3 with known family poverty status with at least one parent who reported working full-time during the last year (at least 35 hours per day for at least 50 weeks of the year).

3. Children living in group quarters or who were unrelated to the head of household (e.g., foster children or children of unmarried cohabiters) were excluded from the sample.

4. The poverty threshold uses the US Census calculation of poverty and is based on the total income of all individuals aged 15 or older who are related to the head of household through marriage, birth or adoption. Income from cohabiting partners who are not married and unrelated children (including foster children) are not included in the calculation of family income. This family income is compared to federal poverty thresholds based on related family size and composition.²

5. All estimates were calculated in Stata 17 using both ACS person-level weights, to provide national and state representative estimates, and replicate weights to appropriately adjust standard errors to account for any sampling bias. The US Census Bureau recommends using a 90% confidence interval for evaluating the accuracy of estimates using ACS data.³ Given the age and employment limits imposed on the sample (children under age 3 with at least one full-time working parent) and the calculation estimates by state, two years of ACS data were combined to improve data quality and accuracy and all weights were appropriately adjusted to account for the combined years of data. Incorporating both population and sampling weights helps to account for exogenous sources of variance and improve the accuracy of estimates.

6. The Census Bureau warned of quality issues with the 2020 American Community Survey (ACS) data due to the pandemic's impact on data collection. Nonresponse bias in the 2020 sample made "it appear that the U.S. population had higher levels of education, had more married couples and fewer never married individuals, had less Medicaid coverage, had higher median household incomes, had fewer noncitizens, and were more likely to live in single-family housing units" (p. 37). Due to the potential impact of these quality issues on the population we study, we opted to continue using the 2019 ACS data for the 2022 Roadmap.⁴

Source:

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