

March 2023

State Minimum Wage

State minimum wages vary in terms of current wage rates, future increases, and the type of workers who are covered. Below is a list of considerations for state leaders to help maximize the effectiveness of a state minimum wage policy. **States should consider the implications of these policy choices and their collective impact on equity and economic security for families in their state.**

We use the following symbol to highlight where policy choices can promote greater equity. 

A state minimum wage is an effective state policy to promote greater economic security for families with young children. Higher state minimum wages increase parents' earnings and families' incomes with minimal or no adverse effects on employment. Higher state minimum wages also reduce parental stress, improve birth outcomes, and enhance children's health and development. The most rigorous research to date indicates **a minimum wage of at least \$10.00 per hour** is necessary to promote positive outcomes.

Has your state fully implemented a state minimum wage of at least \$10.00 per hour?

YES / NOT YET

This checklist covers the following components of a state minimum wage policy:

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MINIMUM WAGES

- Current wages
- Indexing
- Scheduled increases
- Local preemption

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SPECIFIC POPULATIONS

- Tipped workers
- Workers with disabilities
- Additional populations

To see the real value of your state's current minimum wage compared the cost of living, please visit our website.



State Minimum Wage

The federal minimum wage is currently \$7.25 per hour, but states can establish higher thresholds. As of January 2023, 29 states (including the District of Columbia) have a state minimum wage of \$10.00 or greater. In states where a higher minimum wage has not yet been adopted or where the state minimum wage is set lower than the federal minimum wage, the federal minimum wage of \$7.25 applies.


1. What is your state minimum wage?

As of January 2023, state minimum wage rates ranged from \$7.25 to \$16.10. The most rigorous body of evidence to date reveals a state minimum wage must be at least \$10.00 per hour to generate positive outcomes for young children and their families.

Current state minimum wage: _____

2. Is your state minimum wage automatically adjusted for (indexed to) inflation each year?

States have the option to index the minimum wage to inflation. Currently, 20 states (including the District of Columbia) automatically adjust the state minimum wage each year.

 **Indexing the state minimum wage to inflation better ensures wages keep up with the cost of living, which promotes equity by making sure workers who earn minimum wages can afford basic necessities.**

Yes, it automatically adjusts each year on: _____

No

States that choose to index the minimum wage must also determine the measure they will use for inflation and whether the adjustment is capped at a certain value. The Consumer Price Index (CPI), which is the average change over time in prices paid for goods and services, is the most widely used measure of inflation.

Inflation Measure

Annual adjustments are calculated using:

Consumer Price Index for All Urban Consumers (CPI-U)

Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W)

Personal Consumption Expenditures Price Index (PCE)

Employment Cost Index (ECI)

Another measure: _____

Adjustment Cap

The annual adjustment is not capped at a specific value.

The annual adjustment is capped at \$ _____ .


3. Will your state minimum wage gradually increase due to previously enacted legislation?

States may choose to incrementally increase the minimum wage over time on a set schedule determined by legislation. Currently, 14 states have upcoming minimum wage increases, and by 2026, 10 of those states will have a minimum wage of at least \$15.00 due to previously enacted legislation.

- Yes, the minimum wage will gradually increase until it reaches \$ _____ on _____ .
- No

4. Are cities and municipalities allowed to set the minimum wage for their locality higher than your state minimum wage?

Several large cities have implemented local minimum wages that exceed their current state minimum wage. However, 25 states have minimum wage preemption laws in place that prohibit localities from setting minimum wages that are higher than the state minimum wage.

 **Allowing cities and municipalities, where the local cost of living may be significantly higher than the state average, to enact higher minimum wages ensures residents earn enough to access necessary resources.**

- Yes
- No, the state has a minimum wage preemption law in place.

5. Which employers are subject to your state minimum wage?


Federal law requires employers with gross annual sales of at least \$500,000 to comply with federal minimum wage laws. Additionally, individual employees are covered under the federal minimum wage if their work regularly involves interstate commerce. States may establish a tiered minimum wage based on the size of the employer.

 **State minimum wage laws inclusive of both small and large employers ensure more workers earn adequate wages and can afford necessary resources.**

- All employers
- Employers with _____ or more employees.
- Employers with gross annual revenues of at least \$ _____ .

Minimum Wages for Specific Populations

Federal law allows states to set lower minimum wages for certain workers, including workers who primarily rely on tips and workers with disabilities. A tiered system with a subminimum wage for tipped workers and workers with disabilities has been shown to contribute to poverty and unpredictable earnings.

-  A state minimum wage law inclusive of as many workers as possible promotes greater equity by ensuring all workers, regardless of the industry, earn a minimum level of compensation and are protected from exploitation.

Tipped Workers

1. What is your state minimum base (or cash) wage for tipped workers?

Tipped workers are defined as those who regularly receive more than \$30 per month in tips. The federal minimum base wage for tipped workers is currently \$2.13 per hour. Most states have a tipped minimum wage that is higher than the federal tipped minimum wage. As of January 2023, tipped minimum wage rates ranged from \$2.13 to \$15.75. Additionally, seven states have eliminated the subminimum wage for tipped workers, meaning tipped workers earn the same minimum wage rate as others in the state. Although federal law requires that tips plus the base wage add up to the minimum hourly wage, enforcement can be difficult.

- Current tipped minimum wage: \$ _____
- The tipped minimum wage is the same as the regular minimum wage, meaning the subminimum wage for tipped workers has been eliminated.
- An enacted future increase will fully eliminate the subminimum wage for tipped workers on _____.

Workers with Disabilities

2. What is your state minimum wage for workers with disabilities?

Nine states have eliminated the subminimum wage for workers with disabilities and, by 2025 at least five more states will have also eliminated their subminimum wage for workers with disabilities.

- Current subminimum wage for workers with disabilities: \$ _____
- The minimum wage for workers with disabilities is the same as the state minimum wage, meaning the subminimum wage for workers with disabilities has been eliminated.
- An enacted future increase will fully eliminate the subminimum wage for workers with disabilities on _____.

Additional Workers

3. Are any additional workers covered under your state minimum wage?

Federal law allows employers to pay employees under the age of 20 a lower minimum wage for 90 calendar days following their first day of employment. States, however, can expand the state minimum wage law to include workers who are traditionally excluded from minimum wage protections.

- Yes, the following workers are also included under the state minimum wage law.
 - Younger workers
 - Student workers
 - Other: _____
- No, the state has not further expanded coverage of the state minimum wage.