

February 2024

Summary of the Rigorous Research on State Minimum Wage

Minimum wages are legislative mandates that set a floor for the hourly wage that employers must pay their workers. The current federal minimum wage is \$7.25 (with certain exceptions) and has not increased since 2009. In June 2022, when accounting for inflation, the federal minimum wage reached its lowest value in 66 years, but states can legislate their own higher minimum wages. A fair minimum wage ensures a basic standard of economic wellbeing for all workers and prevents exploitation by employers.

EMERGING EVIDENCE FOR IMPACTS ON CHILD AND FAMILY WELLBEING

Historically, most of the research on minimum wage policy, both federal and state, has focused on overall economic impacts related to income and employment. Until the past decade, very

limited research has examined how minimum wage increases impact child and family poverty and birth and health outcomes, but emerging evidence finds positive impacts in these areas. Most research on state minimum wage focuses on the impacts of incremental increases, such as a \$1.00 increase, rather than examining a particular minimum wage. Still, empirical evidence demonstrates that most benefits occur with a minimum wage of \$10.00 or higher. This value, however, does not generally account for inflation or the variation in the cost of living across the country. Because of regional differences in consumer prices, a nominal wage (i.e., wage not adjusted for inflation) of \$10.00 in two different states may buy a family more in one state than another.

States can implement a state minimum wage of at least \$10.00 to effectively impact families' access to sufficient household resources, healthy and equitable births, and optimal child health and development.

States with higher costs of living can account for lower purchasing power of a \$10.00 nominal minimum wage through a cost-of-living adjusted (COLA) wage or implement a higher nominal minimum wage.



EVIDENCE-BASED POLICYMAKING

The Prenatal-to-3 Policy Impact Center at Vanderbilt University analyzes rigorous evidence to determine which policies are proven to produce positive outcomes for young children, their families, and society. Our comprehensive review of evidence demonstrates that a state minimum wage of at least \$10.00 per hour increases parents' earnings and family incomes with minimal effects on employment. Higher minimum wages promote greater economic security for families with young children, improve birth outcomes, and reduce racial disparities in poverty.

RIGOROUS STUDIES FIND THE FOLLOWING IMPACTS

State minimum wage increases reduce childhood poverty.

- A 10% increase in the minimum wage led to a 3.5% increase in earnings for families with low incomes and produced a 4.9% reduction in poverty for families with children under age 18.
- For mothers with no college degree and with children under age 6, a 10% increase in the minimum wage reduced poverty by 9.7%.

State minimum wage increases improve birth outcomes.

- A \$1.00 minimum wage increase above the federal level led to an approximately 2% decrease in low birthweight and 4% decrease in postneonatal infant mortality.
- For pregnant women, setting the tipped minimum wage at the full federal minimum wage level (\$7.25) led to overall healthier birthweights for gestational age.

State minimum wage increases reduce child neglect and improve long-term child health.

- A \$1.00 increase in the minimum wage reduced mother-reported child neglect by 9.6% overall and 10.8% for children ages 0 to 5.
- Children affected by a \$1.00 increase in the minimum wage from birth through age 5 saw an 8.7% higher likelihood of good health and missed 15.6% fewer school days due to illness or injury from ages 6 through 12.

For more information on state minimum wage:

- Refer to our comprehensive evidence review for additional detail on and citations for the above-referenced studies: <https://pn3policy.org/policy-clearinghouse/state-minimum-wage/>.
- Refer to our Prenatal-to-3 State Policy Roadmap for state progress and variation: <https://pn3policy.org/pn-3-state-policy-roadmap-2023/us/state-minimum-wage/>.
- Refer to our state policy lever checklist for necessary considerations to maximize the effectiveness of minimum wage policy: <https://pn3policy.org/state-policy-lever-checklist-minimum-wage/>.