

# The Impact of State Minimum Wage Increases



A minimum wage establishes a floor for workers' hourly wages to prevent exploitation by employers and ensure a minimum level of compensation.

**Higher state minimum wages can result in higher incomes,** which can help families more easily access essential resources such as



Housing



Food



Health care



Transportation

**Greater access to these basic needs can reduce parental stress,** which may improve a child's caregiving environment and reduce the likelihood that an infant or toddler will experience abuse, neglect, or other adverse experiences at home.

## The Minimum Wage's Impact on Families' Overall Earnings

The current federal minimum wage was set in 2009, and stands at \$7.25 per hour, but states can establish higher thresholds. **An individual earning the federal minimum wage, working full time, earns \$15,080 annually, which is well below the federal poverty level (FPL) for two-, three-, and four-person households.** Although most of the rigorous research has examined the impacts of incremental increases in the wage floor, such as a \$1.00 or 10% increase, rather than the effects of a specific level (e.g., \$10.00, \$12.00, or \$15.00), the evidence to date suggests that increases to at least \$10.00 per hour have beneficial impacts on infants, toddlers, and their parents.

# \$10/hr.

[Evidence](#) shows that a state minimum wage of at least \$10.00 has [beneficial impacts to infants, toddlers, and their parents.](#)

# 1 million+

[More than 1 million workers across the United States earn less than \\$10.00](#) and would benefit greatly from raising the minimum wage to that threshold.

# + \$3,900

If the minimum wage was raised to \$10.00 in all states where it is currently at the federal minimum (\$7.25), a single parent with an infant and a toddler who works a minimum wage job would see an [average annual increase in resources of \\$3,900](#). These additional resources would help the family afford groceries, diapers, rent, and other essentials.



## Over 1 Million People Would Benefit if All States had a Minimum Wage of \$10.00 per hour or Greater

If the state minimum wage was raised to \$10.00 per hour, more than 1 million workers across the country would benefit. Table 1 details the number of hourly workers who are earning less than \$10.00 per hour in the 20 states where the minimum wage is equal to the federal minimum wage of \$7.25 per hour.<sup>1</sup>



**TABLE 1.** Number of Hourly Workers Earning Less than \$10.00 per hour

State	Number of Workers Earning Less than \$10.00 per hour
Alabama	33,200
Georgia	65,700
Idaho	18,000
Indiana	51,100
Iowa	16,300
Kansas	18,300
Kentucky	38,700
Louisiana	59,700
Mississippi	34,700
New Hampshire	6,300
North Carolina	70,700
North Dakota	4,800
Oklahoma	50,400
Pennsylvania	104,100
South Carolina	56,500
Tennessee	59,400
Texas	274,100
Utah	16,300
Wisconsin	27,500
Wyoming	5,000
Total	1,010,800

**Table note:** Numbers are rounded to the closest hundred.

<sup>1</sup> West Virginia is the only state with a minimum wage above the federal minimum but below the \$10.00 threshold with a minimum wage of \$8.75 per hour. For simplicity, we excluded West Virginia from this analysis and focused on states that use the federal minimum wage.



## A Single Parent with an Infant and a Toddler Would Gain an Average of \$3,900 in Resources with a Minimum Wage of \$10.00 per hour

Although an individual earning the federal minimum wage earns \$15,080 per year through their wages, people often have access to additional resources and benefits beyond the wages they earn through tax credits, federal nutrition programs, child care subsidies, and other programs. The Prenatal-to-3 Policy Impact Calculator demonstrates how state policy choices regarding wages and benefits interact to impact the level of resources that a single parent with an infant and a toddler would have to provide for their children in each state. Specifically, [the Policy Impact Calculator](#) assesses the total household resources of a family by adding up their annual minimum wage earnings, dollars earned while on family leave, and net federal and state benefits after subtracting out-of-pocket child care expenses.

Using the Policy Impact Calculator formula, we assessed how this single parent's resources would change if the minimum wage increased to \$10.00 per hour in the states where it is currently \$7.25 per hour. The table below outlines the increase in annual resources that this family would experience. On average across the states, a single parent with an infant and a toddler would see their total household resources increase by \$3,900 if the state minimum wage increased from \$7.25 per hour to \$10.00 per hour.



**TABLE 2.** Household Resources Before and After Moving to a \$10.00 per hour Minimum Wage

State	Household resources with current minimum wage	Household resources at a \$10 minimum wage	Difference between household resources before and after
Alabama	\$25,100	\$29,500	\$4,400
Georgia	\$22,300	\$26,400	\$4,100
Idaho	\$20,900	\$25,300	\$4,400
Indiana	\$28,000	\$31,900	\$3,900
Iowa	\$28,600	\$32,200	\$3,600
Kansas	\$28,500	\$32,000	\$3,500
Kentucky	\$24,700	\$28,300	\$3,600
Louisiana	\$28,000	\$31,800	\$3,800
Mississippi	\$27,700	\$31,500	\$3,800
New Hampshire	\$23,300	\$27,700	\$4,400
North Carolina	\$25,800	\$29,600	\$3,800
North Dakota	\$28,000	\$31,200	\$3,200
Oklahoma	\$27,700	\$31,400	\$3,700
Pennsylvania	\$24,200	\$28,400	\$4,200
South Carolina	\$27,700	\$31,600	\$3,900
Tennessee	\$23,000	\$27,400	\$4,400
Texas	\$26,800	\$30,600	\$3,800
Utah	\$26,800	\$30,600	\$3,800
Wisconsin	\$23,200	\$27,000	\$3,800
Wyoming	\$23,200	\$27,000	\$3,800
Average	\$25,700	\$29,600	\$3,900

**Table note:** Numbers are rounded to the closest hundred. For example, Alabama was rounded from \$25,079 to \$25,100.



## Workers Could More Easily Afford Essentials with a \$10.00 per hour Minimum Wage

The increased level of resources this family of three would gain from a higher minimum wage are significant and would translate directly to their ability to afford groceries, diapers, rent, and other essentials much more comfortably. The graphics below detail how an increase in the minimum wage would affect this family's ability to afford essential items that would help them thrive in the prenatal-to-3 period.



**\$3,900 increase in total household resources<sup>1</sup>**



**3 years of diapers<sup>2</sup>**



**6.5 months of groceries<sup>3</sup>**



**1.5-4 months of rent<sup>4</sup>**

### Graphic notes

1. The \$3,900 amount featured in this graphic is the average difference across the states between a single parent's household resources at \$7.25/hour and their resources if the minimum wage was \$10.00/hour. See Table 2 for more details.
2. Assume diapers cost \$100/month. With a \$10.00/hour minimum wage, a family would be able to afford 39 months of diapers, which is roughly 3 years.
3. On a low-cost plan in January 2025, a month's worth of groceries for a 1-year-old (\$157.70), a 2-3-year-old (\$164.90), and a 19-50-year-old mother (\$265.30) equals \$587.90/month. With a \$10.00/hour minimum wage, a family would be able to afford roughly 6.5 months of groceries.
4. This number is derived from U.S. Department of Housing and Urban Development's fair market rent data for a 2-bedroom unit. It is the increase in total household resources a single parent with an infant and a toddler would see if the minimum wage was raised to \$10.00/hour (\$3,900.00) divided by the fair market rent in each state where the minimum wage is \$7.25/hour.





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