EVIDENCE REVIEW



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State Minimum Wage

Evidence Review Findings: Effective / Roadmap Policy

A state minimum wage of at least \$10.00 per hour increases parents' earnings and family incomes with minimal or no adverse effects on employment. Higher state and local minimum wages promote greater economic security for families with young children, contribute to healthier birth outcomes, and can reduce racial disparities in poverty. Most of the rigorous research examines the impacts of incremental increases in the wage floor, such as a \$1.00 or 10 percent increase, rather than the effects of a specific level (e.g., \$10.00, \$12.00, or \$15.00), but evidence to date suggests that increases to at least \$10.00 per hour have positive impacts on infants, toddlers, and their parents. Future research may reveal similar or greater benefits for higher minimum wage levels.

State minimum wage policies establish a floor for workers' hourly wages. Although the federal minimum wage requires that most hourly workers' be paid at least \$7.25, states can individually establish higher minimum wages.

By increasing pay for workers with low wages, a higher minimum wage may increase access to basic resources, help lift families out of poverty, and alleviate parental stress. In turn, reduced stress and greater access to resources may improve outcomes for infants and toddlers by reducing the likelihood of adverse early experiences.

Although some studies show positive impacts of minimum wage increases as high as \$12.00 or \$15.00, most causal evidence on statewide minimum wages extends to approximately \$10.00. As states continue to set higher minimum wages, the effects of levels above \$10.00 on families' economic and social wellbeing will become clearer.

Decades of research in the field of child development have made clear the conditions necessary for young children and their families to thrive. These conditions are represented by our eight policy goals, shown in Table 1. The goals positively impacted by higher minimum wages are indicated with a filled circle, and the goals theoretically aligned (but without evidence of effectiveness from strong causal studies) are indicated with an unfilled circle.

¹ Some classes of workers (e.g., tipped employees, teenage workers, and workers with disabilities) are exempted from the regular federal minimum wage in the Fair Labor Standards Act and therefore may earn below \$7.25 before tips.

Table 1: Impacts of Higher State Minimum Wages on Policy Goals

Goal Alignment	Policy Goal	Summary of Alignment between Policy and Goal
	Access to Needed Services	Mostly null impacts
	Parents' Ability to Work	Mixed impacts
	Sufficient Household Resources	Positive impacts
	Healthy and Equitable Births	Positive impacts
	Parental Health and Emotional Wellbeing	Mixed impacts
0	Nurturing and Responsive Child-Parent Relationships	Trending null impacts
0	Nurturing and Responsive Child Care in Safe Settings	No strong causal studies identified for this goal
	Optimal Child Health and Development	Mixed impacts

What Are State Minimum Wages?

State minimum wages are legislative mandates that set a floor for the hourly wage that employers must pay their workers. Massachusetts enacted the first statewide minimum wage law in the United States in 1912 during a period of labor reform that responded to rapid industrialization and poor working conditions for women and children laboring in factories, mills, and other industrialized settings. The Massachusetts legislation established a minimum wage commission to review the wages of women and children and set wages that provided for adequate cost of living and maintain the health of workers.

Oregon, the District of Columbia, and 14 additional states adopted minimum wage laws over the next decade that sought to address the harsh working conditions and hours for women and child laborers, similarly to the aims of Massachusetts' legislation. In 1923, after several other states had also enacted state minimum wage laws, the US Supreme Court ruled that imposing a minimum wage violated the Fifth Amendment, specifically the freedom of contract provision, and the Court invalidated all state minimum wage laws.

In 1933, the National Industrial Recovery Act modified antitrust restrictions, which allowed industries to enforce their own minimum wages. The cotton industry set a minimum weekly wage

of \$13.00 in northern states and \$12.00 in southern states, however the US Supreme Court again ruled against minimum wage legislation. Washington state's minimum wage law brought the issue to the Supreme Court again in 1937. Unexpectedly, the court decided to uphold the Washington state law, setting a new precedent that minimum wage laws do not violate the Constitution.⁹⁵

In 1938, the Fair Labor Standards Act (FLSA) established a federal minimum wage of 25 cents per hour but exempted agricultural, domestic, and some service workers. The occupations excluded from minimum wage standards in the original Fair Labor Standards Act were in industries with significant concentration of Black workers, leaving Black workers vulnerable to exploitation and wage theft. In 1963, the Equal Pay Act passed which required, for workers covered by the federal minimum wage, equal pay for the same job, regardless of gender. ⁷¹

In 1966, amendments to FLSA introduced a \$1.00 base wage for previously uncovered sectors, including agriculture, schools, restaurants, and nursing homes, and established the subminimum wage, which is the floor set for tipped workers, workers with disabilities, and teenage workers early in their employment. The 1966 FLSA amendments simultaneously expanded minimum wage coverage to sectors in which Black workers were overrepresented and reduced the amount that employers were required to pay to those workers.

As of 2025, the federal minimum wage is \$7.25 per hour and the federal subminimum wage remains much lower at \$2.13 per hour. 44,87 The most recent increase to the federal minimum wage came in 2009. Although bills have proposed to phase in an increase to \$15.00 by 2025, July 2021 marked the longest time without a minimum wage increase since the Fair Labor Standards Act was enacted. 2,3,90 In June 2022, when accounting for inflation, the federal minimum wage reached its lowest real value in 66 years. 90

A minimum wage is a policy lever states can use to ensure a basic standard of economic wellbeing for all workers and prevent exploitation by employers, and raising state minimum wages may have the greatest effect on reducing poverty and improving the standard of living for workers with the lowest wages and their families.

A "living wage" is a distinct, more subjective concept that represents the minimum adequate wage that is deemed necessary to meet basic needs and provide a decent standard of living for workers. More than 140 local governments have adopted living wage ordinances since the 1990s, but these ordinances tend to cover a smaller, more specific share of workers than do state or local minimum wages, and they often apply to workers with jobs connected to the public sector, either directly or through contracts. ^{ii,68} This review focuses on state and local minimum wages rather than examining the impact of living wage ordinances, but the policies are related.

Who Is Affected by State Minimum Wages?

According to the US Bureau of Labor Statistics, approximately 840,000 workers earned at or below the federal hourly minimum wage of \$7.25 in 2024. The approximately 20.6 million

ⁱⁱ For example, a local living wage policy may require that "firms receiving contracts from local governments must pay their workers enough to provide an above-poverty standard of living"⁶⁸ (p. 3).

workers who earn near minimum wage (below \$10.10) make up 30 percent of the hourly wage workers. ⁹⁶ Among hourly workers, women are more likely compared to men to earn the minimum wage or below (1.3% compared to 0.8%). ¹⁰⁰ Part-time hourly workers are more likely than full-time hourly workers to be paid the minimum wage or less (approximately 2.4% compared to 0.6%). ¹⁰⁰

The proportion of minimum wage workers varies by state—with the highest percentages of workers largely concentrated in the South (577,000 workers in the South are paid at or below minimum wage, which accounts for 53% of all workers paid at or below minimum wage in the United States). In 2021, twelve states had less than 1 percent of hourly workers earning the federal minimum wage or less (Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Montana, Nevada, New York, Oregon, South Dakota, and Washington).⁵

With a \$7.25 hourly wage and a 40-hour work week, a full-time minimum wage worker earns \$15,080 each year, which is below the 2025 federal poverty level for individuals (\$15,650). 6,91 To earn at least the federal poverty level for a family of three, a worker would need to earn at least \$12.82 per hour in 2025. Increases above \$10.00 per hour may therefore yield better child and family outcomes, but further research is needed as more states implement at higher levels.

The Congressional Budget Office (CBO) estimated in a 2019 report that if all states raised their minimum wages to at least \$10.00 per hour by 2025, 1.5 million workers would see their wages increase, family income would increase by \$400 million overall for those who would otherwise be in poverty, and this option would lead to a smaller decrease in employment than a \$12.00 or \$15.00 federal minimum wage.⁴⁴

A later report by the CBO in 2021 examined the impacts of a \$15.00 federal minimum wage that would be fully implemented by 2025 and found that 17 million workers currently making under \$15.00 would see a pay increase, although job loss would affect approximately 1.4 million workers.⁷⁵ Total pay for directly or potentially affected workersⁱⁱⁱ would increase by \$333 billion from 2021 to 2031, and poverty would decline by 0.9 million people.

According to the Economic Policy Institute (EPI), if all states raised their minimum wages to at least \$15.00 by 2025, whether through a federal mandate or state legislation, 32 million workers, or 21 percent of the US workforce, would see a raise, and approximately 28 percent of those who would benefit are parents. In particular, women and workers of color would benefit from minimum wage increases to \$15.00 because they comprise a large share of those currently paid under that level. The majority of mothers who earn less than \$15.00 per hour are the breadwinners for their families. A federal \$15.00 minimum wage would mean that 31 percent of Black workers and 26 percent of Latino workers would see a raise, and 60 percent of people who would benefit are women. Additionally, raising the minimum wage is likely to increase the wages of workers earning near the threshold, resulting in a ripple effect that is supported by research. The findings from the EPI and the CBO reports together suggest that a \$15.00 minimum wage would benefit

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iii "Potentially affected" or "indirectly affected" workers are those making just slightly above the proposed minimum wage, who may see an increase as wage distributions change in response to the higher wage floor.

iv This study used "Latino" rather than Hispanic.

between 17 and 32 million workers, depending on the inclusion of directly and indirectly affected workers. A 2019 CBO report estimated that 45 percent of individuals lifted out of poverty by a \$15.00 minimum wage would be 18 years old or younger.⁴⁴

Some workers remain uncovered even by the protections of the current federal minimum wage due to exceptions in the Fair Labor Standards Act.⁸⁷ Wage levels for tipped workers vary from a low of \$2.13, in states where the tipped wage is set to the federal subminimum, to a high of \$16.66 in Washington, where tipped workers are currently paid the same minimum wage as nontipped workers.^{62,86} Employers are legally required to make up the difference if tips fall short (the supplement is called a "tip credit"), but the tipped wage shifts the burden of paying employee wages to customers, whose tipping practices may be inconsistent for a variety of reasons and may result in more precarious and unstable wages for workers.

According to the EPI, in 2021, 1.3 million American workers were subject to the \$2.13 tipped wage floor, and another 1.8 million were subject to a level above \$2.13, but still less than their state's regular minimum wage.⁷ The subminimum wage contributes to disproportionate poverty among tipped workers, and about 46 percent of such workers rely on public benefits to make ends meet, compared to approximately 35.5 percent of workers covered by the full minimum wage.⁵³

In addition, subminimum wage policy leads to inequitable wages for workers of various racial and gender groups, who have been shown to receive disparate tips because of racism, sexism, and other forms of bias. ⁷¹ The policy also opens the door to wage theft if employers do not comply with the requirement to supplement tips to reach \$7.25 per hour. A 2014 report by the EPI noted that the Department of Labor's compliance investigation of 9,000 restaurants between 2010 and 2012 found 1,170 tip violations, totaling \$5.5 million in wages that failed to have been paid. ⁵³

Other classes of workers, including individuals with disabilities, are also exempt from the full minimum wage in the Fair Labor Standards Act. Certain firms, primarily those known as "sheltered workshops," which offer employment to individuals with disabilities separately from others, can obtain certificates from the federal government that allow them to pay workers as little as \$1.00 per day. Advocates for individuals with disabilities have been working to eliminate this exemption in many states. Advocates for individuals with disabilities have been working to eliminate this exemption in many states.

In April 2021, former President Biden signed an executive order (No. 14026) requiring all federal contractors to pay a minimum of \$15.00 per hour to workers beginning on January 30, 2022.⁷⁹ This floor was previously set at \$10.10 under the Obama administration and indexed to inflation, and rose to \$10.95 just prior to President Biden's 2021 executive order. The 2021 order also eliminated tipped wages for federal contractors by 2024 and eliminated subminimum wages for federal contractors with disabilities. In March 2025, however, President Trump issued an executive order (No. 14236) which revoked, among other items, the executive order which increased the minimum wage for federal contractors. The U.S. Department of Labor is no longer enforcing, and is taking steps to revoke, executive order No. 14026.²⁹

What Are the Funding Options for State Minimum Wage Increases?

Evidence shows that the costs of minimum wage increases are typically absorbed by employers and, to some extent, by consumers in the form of small price increases. For example, research from Princeton University found that an increase of 10 percent in the minimum wage increases the price of a McDonald's Big Mac by just 1.4 percent and has no significant impact on restaurant entry or exit into the market.⁷⁶

Raising state minimum wages may actually save taxpayer costs by increasing earned income and reducing the amount of support workers may need from public assistance programs. An analysis by the University of California, Berkeley estimated that a \$15.00 federal minimum wage may potentially save up to \$107 billion in annual state and federal safety net spending that currently supports individuals in states with a minimum wage below \$15.00. For example, spending for the Supplemental Nutrition Assistance Program would likely decline because fewer individuals would have earnings that fall below the threshold that the government has determined is necessary to qualify for food assistance. 99

Many large employers, such as Amazon and Costco, have recently raised their minimum wages significantly above federal and state floors (e.g., to \$18.00 per hour), because business leaders recognize that higher pay often improves employee retention and performance, which benefits their business in the long run.⁶⁷

Why Should Higher Minimum Wages Be Expected to Impact the Prenatal-to-3 Period?

Raising the wage floor can increase the incomes of workers with low wages and their families, and in some cases, lift them out of poverty. Higher family incomes and reduction in poverty can lead to better social, economic, and health outcomes for parents and children. Greater access to resources such as housing, food, health care, and transportation can lower parental stress, which improves a child's caregiving environment and reduces the likelihood that a child will experience abuse, neglect, or other adverse experiences at home. Higher minimum wages may also facilitate greater health care access among parents and children, including greater prenatal care use, which may improve birth outcomes and affect children's later health status. HI,148

Raising the minimum wage is a contentious policy issue because of concerns about unintended consequences on the labor market and prices. For example, some scholars expect that, to pay for higher wages, employers may cut the number of jobs or work hours for workers with low wages, which would have detrimental impacts on employment and family income that may offset the increased wages. This argument is one of the most commonly cited (and empirically tested) objections to minimum wage increases in the literature, which generally conclude that increases in minimum wages results in a small decrease in employment rates. Other scholars contend that better-paid workers will be more productive, and would reduce turnover and costs associated with hiring and training new workers. Nonetheless, other scholars argue that some reductions in work hours observed after a minimum wage increase may reflect a rational choice by workers themselves to work fewer hours, and gain leisure time, while still earning the same overall income given the higher hourly wage.

Another anticipated effect of an increased minimum wage is that costs of goods and services will increase. By increasing labor costs, businesses can pass the cost of the higher wage on to consumers through price increases. Employers may also cut or freeze the wages of workers with higher incomes to compensate for the increases for workers with lower wages (leading to "wage compression," which describes a trend toward a smaller difference in pay between the lowest-paid and highest-paid workers).

Some stakeholders worry about the impact of higher minimum wages on the child care industry, specifically the possibility that employers will raise child care tuition to cover higher employee wages, pushing the cost burden onto families who may already struggle to afford the cost of care. If a higher minimum wage incentivizes greater employment among some parents, then access to affordable and high-quality child care may become even more critical if more workers require care or additional care hours. An increase in parents seeking child care combined with increased labor costs for child care centers could intensify scarcity and raise prices for care.

Another concern is that higher wages may push families just over the income eligibility thresholds for child care subsidies or other public benefits and prevent the families from receiving support even when they still need the assistance. Finally, some scholars argue that a higher minimum wage is not a well-targeted policy lever for reducing poverty, given that many minimum-wage workers, such as adolescents who work in part-time jobs, may belong to high-income households.

What Impact Do State Minimum Wage Increases Have, and for Whom?

Historically, most of the research on minimum wage policy, both federal and state, has focused on overall economic impacts such as income and employment effects. Until the past decade, limited research had examined how minimum wage increases impact child and family poverty, birth outcomes, and parent and child health. The emerging evidence finds positive impacts in these areas.

This review identified 23 strong causal studies that examined the impacts of higher state and local minimum wages specifically for families, children, and parents. The literature on the minimum wage is vast, and many additional rigorous studies offer important findings on employment, earnings, health, and other outcomes for adults or national samples more generally. These findings are mentioned throughout this review but are not the focus.

Most of the studies in this review examined incremental increases in state minimum wages, such as the impacts of a \$1.00 increase, a 10 percent increase, or any given increase above the federal minimum wage, a review of the data included in the studies found that most of the empirical evidence that reveal beneficial impacts extended to minimum wages up to the \$10.00 level. Some studies showed positive impacts for minimum wages as high as \$15.00, 46,47 but such studies employed simulations and estimates projecting future impacts, rather than examining the effects of increases that had already been implemented, or they were focused on specific localities (e.g., New York City, Santa Clara County) rather than statewide increases. More statewide research on the effects of a \$12.00 to \$15.00 minimum wage, as more states implement wages in this range, will be valuable to confirm

the threshold that provides the greatest impact to families with the least detrimental impacts on employment or prices.

The research discussed here meets our standards of evidence for being methodologically strong and allowing for causal inference, unless otherwise noted. Each strong causal study reviewed that focused on the impact of state and local minimum wages on families with children has been assigned a letter, and a complete list of causal studies can be found at the end of this review, along with more details about our standards of evidence and review method. The findings from each strong causal study reviewed align with one of our eight policy goals from Table 1. The Evidence of Effectiveness table (Table 2) displays the findings associated with higher state minimum wages (beneficial, null, or detrimental) for each of the strong studies (A through U) in the causal studies reference list. For each indicator, a study is categorized based on findings for the overall study population; subgroup findings are discussed in the narrative. The Evidence of Effectiveness table also includes our conclusions about the overall impact on each policy goal. The assessment of the overall impact for each studied policy goal weighs the timing of publication and relative strength of each study, as well as the size and direction of all measured indicators.

Of the 23 causal studies included in this review, nine examined how outcomes differed by race or ethnicity (beyond simply presenting summary statistics or controlling for race/ethnicity). Where available, this review presents the analyses' causal findings for subgroups by race/ethnicity and other aspects of variation, such as family structure, age, or citizenship status. A rigorous evaluation of a policy's effectiveness should consider whether the policy has equitable impacts and should assess the extent to which a policy reduces or exacerbates pre-existing disparities in economic and social wellbeing.

Table 2: Evidence of Effectiveness for Higher State Minimum Wages by Policy Goal

Policy Goal	Indicator	Beneficial Impacts	Null Impacts	Detrimental Impacts	Overall Impact on Goal
Access to Needed Services	Number of Prenatal Care Visits		K		Mostly Null
	Prenatal Care in First Trimester		Н		
	Health Insurance Coverage		K	R	
	Child Has Medical Home		K		
	Child Doctor Visits		K		

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 $^{^{}v}$ An impact is considered statistically significant if p \leq 0.05. Results with p-values above this threshold are considered null or nonsignificant.

vi The studies, as labeled in our reference list, are studies A, B, C, F, G, J, K, M, and N.

Table 2: Evidence of Effectiveness for Higher State Minimum Wages by Policy Goal (Continued)

Policy Goal	Indicator	Beneficial Impacts	Null Impacts	Detrimental Impacts	Overall Impact on Goal
Parents' Ability to Work	Employment	F, J	С		Mixed
	Hours or Weeks Worked		C, J		
	Earnings/Income	B, F, J, M			Positive
Sufficient Household Resources	Child Poverty	B, C, F, J, L, M			
	Reduced Use of Public Assistance	В, Ј			
	Material Hardship	Т			
	Birthweight	E, H			Positive
	Gestation Length	Н			
Healthy and	Postneonatal Infant Mortality	D, E			
Equitable Births	Adolescent Births	A, P			
22. 02.0	Healthy Infant Size for Gestational Age	O			
	Preterm Births		Н		
Parental	Smoking During Pregnancy		Н		Mixed
Health and Emotional Wellbeing	Poverty-Related Prenatal Stress	N			
Nurturing and Responsive Child-Parent Relationships	Time Spent with Children		S		Trending* Null

Table 2: Evidence of Effectiveness for Higher State Minimum Wages by Policy Goal (Continued)

Policy Goal	Indicator	Beneficial Impacts	Null Impacts	Detrimental Impacts	Overall Impact on Goal
Optimal Child Health and	Missed School Days Due to Illness/Injury	I			Mixed+
	Long-Term Health	I			
	Child Health Status		K		
	Frequency of Illness		K		
	Emergency Room Use		K		
Development	Neglect	G, Q, T, U			
	Physical Abuse		G, Q, T, U		
	Psychological Abuse		Q, T		
	Maltreatment-Related Child Death		V		

^{*}Trending indicates that the evidence is from fewer than two strong causal studies or multiple studies that include only one location, author, or data set.

Access to Needed Services

Three studies identified for this review examined the effects of a higher minimum wage on access to medical and prenatal care and found two null^{H,K} results and one detrimental^R result. A 2020 study that examined 46 million births from 1989 to 2012 found that a \$1.00 increase in state minimum wages led to no significant increases in the number of prenatal visits or in the likelihood of a mother receiving care in the first trimester, although both results were in the beneficial direction.^H A 2019 study examined the impact of higher minimum wages on children's health care access from 2000 to 2015 and found overall null results for the likelihood of health insurance coverage, having a medical home (a consistent place to receive medical care), and frequency of doctor's visits (e.g., child saw a doctor in the past year, child had more than one visit in the past year, child had a checkup in the past year).^{K, vii}

A 2022 study examined whether state and federal minimum wage increases, of any size and occurring between 2004 and 2015, affected the level or source of health insurance coverage for families with low incomes. The authors found that a nominal \$1.00 increase in the minimum wage reduced the probability of employer-sponsored insurance coverage by 0.99 percentage points for families below 300 percent of the federal poverty level. Reductions in health insurance coverage

⁺Mixed findings overall, but positive impacts for reducing neglect and improving long-term health.

vii Study K included some indicators in the 2019 Institute of Labor Economics version that were not included in the 2020 published paper. Table 2 reflects indicators from both papers because correspondence with the authors confirmed that the 2019 results are still valid but were not the focus of the 2020 paper.

were observed for both workers and their dependents, with the effects indicating similar declines in subscriber and dependent coverage. Although employer-sponsored insurance coverage declined, the study did not find a decline in overall rates of insurance coverage. The authors suggested that the decline in employer-sponsored insurance may have been offset by an increased uptake in Medicaid due to the concomitant expansion of Medicaid during the time of the study.^R

Subgroup analyses in the 2019 study revealed results in various directions that do not clearly align with the theory of change—for example, children with immigrant parents were significantly less likely to have had a checkup in the past year with a higher minimum wage. Results for all groups combined were null when the authors examined whether a child saw a doctor at all in the past year and whether a child saw a doctor for behavioral/mental health needs. More research that examines the impact of higher wages on access to health care, including prenatal care, would be valuable, given that only three causal studies currently inform the conclusions for this policy goal.

Parents' Ability to Work

The possibility that higher minimum wages may lead employers to cut jobs or reduce the number of hours offered to employees is one of the most frequently cited objections to increasing the wage floor. Evidence suggests that state minimum wage increases have mixed effects on employment and hours for workers with low wages, C.F.J.M with most wage increases leading to small but statistically insignificant reductions in employment or no effects at all. C.J.M.45,49,50

Some scholars have argued that the effect of the minimum wage on the labor supply of parents with young children may be different than the findings for adult workers overall, because parents are eligible for different means-tested transfer programs and "face fixed costs of work in the form of childcare [payments]" that other workers may not face (p. 29). A higher minimum wage may allow parents to "overcome these costs and enter the labor force" (p. 29). Therefore, an understanding of the minimum wage's effects on the prenatal-to-3 period requires an examination of studies that focus on parents with children rather than samples of workers in general.

Among the five studies in this review that focused on employment effects for families with children, two found positive impacts on parental employment. F.J. A 2011 study that used data from 1997 to 2006 found that a 10 percent increase in a state's minimum wage increased the employment of single mothers (ages 21 to 44) by 7.4 percent when coupled with a 10 percent refundable state earned income tax credit (EITC). The effects were even greater (9.5%) when the sample was limited to mothers with lower levels of education, who are often the population most affected by a minimum wage increase. A higher wage may therefore incentivize parents to enter the workforce when paired with policies such as the EITC, which amplify the returns of each hour of work. This study also found that a higher minimum wage increased the positive earnings and employment effects of the EITC for single Black or Hispanic mothers to a greater degree than for White mothers.

A 2019 study that used data from 1980 through 2015 found that a 10 percent increase in the minimum wage increased by 4 percent the likelihood that children of mothers with no college degree had a working parent, with the greatest effects for children ages 0 through 5 (a significant increase of 7.4% in parental employment). These results were driven by a significant increase in

employment among single mothers and married fathers. The study showed null effects overall for hours worked per week, conditional on employment, but effects were significant and positive for Black mothers' employment and their annual hours (over 299 additional hours worked per year). The study's findings, with the greatest positive effects for families with young children (under age 6), are consistent with the authors' hypothesis about child care costs as a barrier to work for parents with low wages, and the positive impacts that higher wages can have for facilitating parental employment.¹

Another 2019 study, by the same authors as the paper discussed above (Study J), examined minimum wage increases specifically in low-wage regions of the US and detected no significant adverse effects on employment or hours worked. The study did not find that higher minimum wages had significantly different effects by race (although it did find significant reductions in child poverty in low-wage areas, discussed in the Sufficient Household Resources section of this review).

A 2020 study using the Future of Families and Child Wellbeing data set, which followed approximately 5,000 children born between 1998 and 2000 in 20 large cities in 15 states, aimed to examine how local minimum wage increases affect child-parent interactions, such as disciplinary behaviors such as spanking, and the authors examined employment as a possible mechanism that may influence parenting behaviors. The authors found no significant impact of higher minimum wages on maternal or paternal employment when their child was age 3. However, maternal employment was significantly reduced at child age 5 by 3.6 percentage points.

Studies that focus on large samples of adults or workers in general, rather than parents or families, are not included in the Evidence of Effectiveness table (Table 2), but they find similarly mixed results for employment. One of the earliest and most widely cited studies of state minimum wage increases was a 1994 analysis of the fast food industry in a region that included the New Jersey and Pennsylvania border.⁵⁴ The study found that employment in New Jersey, which had raised its minimum wage by 80 cents, actually increased 13 percent relative to neighboring Pennsylvania, which did not raise its wage. Three additional studies have found null impacts of higher minimum wages on employment, ^{45,49,50} and three others have found small negative impacts. ^{46,51,52} For example, two studies identified possible job loss in the range of 1,350 to 5,000 fewer jobs per year as a result of city-level increases to \$13.00 and \$15.00 in Seattle and Santa Clara County, respectively. ^{46,51}

Sufficient Household Resources

Evidence from four studies suggests that minimum wage increases support sufficient household resources for workers with low wages and their families. B,F,J,M Higher earnings can leave families better off given evidence that minimum wage increases do not reduce the likelihood of employment. Four additional studies also support higher state minimum wages as an effective policy to increase household income, 32,45,46,50 but their samples were not specific to families with children and the effects are therefore not shown in Table 2).

For example, a 2019 study using national data from 1984 to 2013 found that a 10 percent minimum wage increase led to a significant 4.9 percent reduction in child poverty (under age 18). Significant,

large effects were also found for Black and Latino viii individuals (an 8.7% reduction in poverty), and people under age 30 without a high school degree (a 4.3% reduction in poverty). The results suggested that if all states were to raise their minimum wages from their January 2017 levels to \$12.00, the US would see a 1.9 percentage point (or 15%) reduction in poverty, which represents 6.2 million people transitioning out of poverty. The author also projected a 12.2 percent (\$1,826) annual increase in after-tax-and-transfer family earnings among families with the lowest-incomes (those near the 10^{th} percentile).^B

A 2019 study that measured the effects of state minimum wage increases between 1980 and 2015 found a significant increase in earned income (\$349 in annual earnings, which amounts to almost an additional week's wages at a \$10.00 per hour level) for families headed by single mothers. The study found that a 10 percent increase in a state's minimum wage reduced poverty by 0.6 percentage points (or 5.9%) among children with mothers with no college degree. The effects were found to be greatest (9.7%) for children under age 6. A 2008 study that used data from 1991 to 2002 found that a 10 percent increase in the real minimum wage (wage adjusted for inflation) reduced the child poverty rate for families headed by single mothers by 1.8 percentage points. L

A 2021 study that examined data from 2005 through 2017 found that higher minimum wages led to significant reductions in child poverty (1.3 percentage points) in regions of the country with the lowest median wages, ix where proportionately more individuals benefited from minimum wage increases. The study did not disaggregate the child poverty effects by race or ethnicity, but it did examine parent employment and wages by race and ethnicity. The positive wage effects were slightly greater for Black and Hispanic workers with a high school degree or less (a 0.6%, statistically significant increase) compared to White non-Hispanic individuals of the same education level (a 0.5%, though not statistically significant, increase). In the lowest-wage counties, the differential wage effects were even greater with a higher minimum wage: a 2.2 percent increase in wages for Black and Hispanic workers compared to a small, statistically insignificant 0.4 percent decrease for White non-Hispanic workers.

Evidence also shows that increases in state minimum wages reduce material hardship. A 2023 study found that every \$1.00 increase in the state-specific minimum wage leads to a 0.38 unit decrease in self-reported material hardship events, such as inability to pay the rent or mortgage, or not seeking medical care due to cost.^T

The combination of a higher minimum wage and more generous earned income tax credits (EITCs) are also an effective anti-poverty approach. A 2011 study that used data from 1997 to 2006 found that a 10 percent increase in the minimum wage, coupled with a 10 percent state EITC, i led to an 8.3 percent increase in earnings for single mothers. The authors concluded that a 10 percent state EITC reduced poverty among families headed by single mothers with children by 1.6 percentage

viii The referenced report used "Latino" rather than Hispanic.

ix The study found that the reduction in child poverty was significant in regions of the country where the ratio of the minimum wage to the median wage was 0.6 or greater. (See Table 2, column 4 in the original study).

^x See Table A3, column 1 in the original study.

xi The study did not require the 10 percent supplement to be refundable in this analysis, but the authors noted that over 80 percent of the families in the sample who lived in states with an EITC were in states with a refundable EITC.

points at the sample mean of state minimum wages, but reduced poverty by 2.3 percentage points when the minimum wage was 10 percent higher than the mean and by 3.4 percentage points when the minimum wage was 25 percent higher than the sample mean.^F

As discussed in the previous section, the 2019 NASEM report also found significant, positive impacts of higher minimum wages (approximately the \$10.00 level) on family earnings and child poverty. The analysis simulated how the higher minimum wage policies would affect subgroups differently and did not detect differential effects of the minimum wage scenarios on Black or Hispanic children. However, the study did find that the first minimum wage (a \$10.25 minimum wage in 2020 dollars) policy would benefit children who are not citizens to a greater degree than children overall (see Table 5-1 of the NASEM report). As mentioned in the access to needed services portion of this review, study K found that increases to the minimum wage had a positive impact on the health outcomes of children of non-citizens. K

Two of the studies discussed above also found significant reductions in the receipt of public benefits alongside reduced poverty and higher earned income, which suggests that families achieved greater economic security after minimum wage increases, even after accounting for the reduction in public assistance use.^{B,J}

Healthy and Equitable Births

Although a large research base links greater overall income and wealth to better health across the life span, comparatively few studies have examined the relationship between higher minimum wages and birth outcomes.^{20,21} However, six recent studies, discussed below, have begun to build the evidence base in this area and show modest beneficial results.^{xii}

A 2016 study examined data on birth outcomes from 1980 to 2011 across the US and found that state minimum wages that were higher than the federal floor (\$7.25 per hour) led to a significantly reduced prevalence of low birthweight and postneonatal infant mortality. In particular, each dollar above the federal minimum wage led to approximately a 1 to 2 percent decrease in the prevalence of low birthweight (<2,500 grams) (corresponding to 2,790 fewer low birth weight babies) and a 4 percent decrease in postneonatal infant mortality (corresponding to 518 fewer infant deaths after 28 days).

A 2020 analysis, with data collected between 1989 and 2012, examined 46 million births to women with a high school degree or less and found that a \$1.00 minimum wage increase was linked to a significant 2 gram increase in birthweight and very small, but statistically significant increases in fetal growth (0.03 grams per week) and gestation length (0.01 weeks). The \$1.00 wage increase had small, insignificant effects on reducing the number of preterm births in the authors' preferred model specification, which controlled for state-specific trends. The models without state-specific trends found similar but significant effects on reducing the number of preterm births.

A 2018 study using data from 1995 to 2013 found that a 10 percent increase in the cost-of-living adjusted minimum wage was associated with a significant 5.6 percent reduction in postneonatal

xii See studies A, D, E, H, O, and P.

infant mortality^{xiii} among babies whose mothers had a high school degree or less.^D The effect was also significant for the sample overall, regardless of maternal education level (a 4.5% decrease in postneonatal infant mortality).

Research suggests a causal link between higher state minimum wages and reduced teen births. A 2017 study of birth rates in the US from 2003 to 2014 found that a \$1.00 increase in a state's minimum wage led to a 2 percent decrease in births to adolescents. Overall, this result means that a national \$1.00 increase in the minimum wage may lead to 5,000 fewer teen births each year. The decrease was driven by Hispanic and non-Hispanic White teens, who were more likely to be employed than Black teenagers in the sample, and therefore more likely to be affected by the wage increases. The author posited that "[h]igher wages might keep adolescents attached to the labor market...and thus provide a reason to delay childbearing or offer a chance to substitute work for leisure" (p. 1). A

A 2021 study that used data from 1995 to 2017 also found a positive impact of increases in state minimum wages and teen births, such that each \$1.00 increase in a state's minimum wage led to a decrease in teen (adolescents ages 15 to 19) births from between 2.8 and 3.4 percent, depending on the number of controls included in the model. Notably, the author found that the relationship was significant only in states that had their own earned income tax credit. This finding suggests that higher state minimum wages can work alongside policies such as federal and state EITCs to have the greatest positive effect on children and teens in families with low incomes—a result seen in other studies as well. P.P.

A 2020 study assessed the impacts of higher subminimum wages on birth outcomes—subminimum wages are the wages that can be paid to tipped workers, which are often set much lower than the floor for nontipped workers. The federal subminimum wage was set at \$2.13 per hour in 1991 and has remained static since then, even though the federal full minimum wage has increased multiple times since that year. The 2020 study used state variation in tipped wages from 2004 to 2016 to examine the effects on infant size for gestational age, and the authors found that when the tipped wage was set at the federal full minimum wage level, the birthweight of the smallest 5 percent of infants increased, and the birthweight of the largest 5 percent of infants decreased, which led to overall healthier birthweights for gestational age.

Finally, a 2021 study that used data from 2001 to 2018 examined the association between state wage preemption laws (state laws that prevent cities, counties, and other local jurisdictions from adopting minimum wages higher than the state level) on infant mortality. The study found that each additional \$1.00 increase in state minimum wages was associated with a 1.3 percent reduction in the infant mortality rate, and as a result, state preemption laws that restricted local increases were linked to as many as 605 preventable infant deaths in 2018. The authors considered their analysis to offer "compelling evidence of a causal effect" of preemption laws, without establishing a definite causal relationship, so the results are not reflected in Table 2.

xiii The infant mortality effect in this study was a 3.2 percent reduction, but it was only marginally significant (p<0.1) when state policy controls were included.

xiv This characterization was offered in email correspondence.

Parental Health and Emotional Wellbeing

This review identified two causal studies that examined the impact of minimum wages specifically on the physical or mental health of parents. A 2020 national study that used data from 1989 to 2012 found that a \$1.00 increase in a state's minimum wage was not associated with a significant decline in smoking during pregnancy, and was actually linked to a small increase in the number of cigarettes that pregnant women smoked (given that they smoked at all), likely because of the "income effect," or the tendency to purchase more of certain goods when income increases. The effect was 0.2 cigarettes per day for each \$1.00 increase in a state's minimum wage (from a sample mean of 2.1 cigarettes per day). The authors noted that this was not a meaningful increase.

A 2020 study that used data from 2004 to 2014 found that setting the tipped wage at the same level as the federal full minimum wage (\$7.25 per hour) reduced prenatal poverty-related stress scores^{xvi} by 19.7 percent among unmarried women of color (defined as non-White and/or Hispanic) with no college degree, compared to setting tipped wages at the subminimum (\$2.13) level.^N The study also found significant results for unmarried women overall (a 15.9% decrease in stress) and for women of color (regardless of marital status—a 10.2% decrease).

Additional studies have examined impacts on adult health more generally, with samples that included both parents and nonparents, and the overall results have been more positive when these studies were considered. For example, a simulation study of adults in New York City estimated that a \$15.00 minimum wage, had it been implemented between 2008 and 2012, may have prevented between 2,800 and 5,000 premature deaths (deaths before age 65) in that timeframe in communities with low incomes.⁴⁷ Both large and small employers currently must pay a minimum wage of at least \$15.00 in New York City.²²

Causal research on the impacts of state minimum wages and adult mental health is extremely limited. One study examined the effects of the subminimum wage on prenatal stress and found that the elimination of the subminimum wage resulted in 19.7% reduction in stress for single women of color with less than a college degree. One study examined the effects of higher minimum wages on suicides; the study estimated that a 10 percent increase in a state's minimum wage may reduce nondrug suicides among adults with at most a high school degree by 2.7 percent, and the authors noted that higher wages may have prevented 4,800 suicides over the 19 years of data analyzed (from 1999 through 2017). The authors also examined the impacts of state earned income tax credits, and estimated that if both the minimum wage and state EITCs were increased by 10 percent across states, the US may see 787 fewer completed suicides per year. A 2020 study (using data from 1990 through 2015) corroborated those results, finding that a \$1.00 increase in state minimum wages reduced suicides by between 3.4 and 5.9 percent for less-educated adults.

A 2019 correlational study that used data from 2006 through 2016 found that a \$1.00 increase in state minimum wages was associated with a 1.9 percent decline in suicides.²³ This finding translates to 8,000 fewer suicides during the study years. Finally, a 2021 study found statistically insignificant,

xv Given the risks that smoking while pregnant can pose to infants' health, in addition to that of their mothers, this outcome could also be considered part of the "Healthy and Equitable Births" goal.

xvi Scores were derived from summing and weighting the occurrence of 10 stressful antenatal events (e.g., moved to a new address, experienced homelessness, separated from partner, lost job, etc.).

though beneficial, effects of a higher minimum wage on the proportion of adults who reported themselves to be in serious psychological distress (a 6% decrease).⁵⁸

A higher minimum wage may also have impacts on adult physical health; a recent longitudinal study that used 13 years of data found that a \$1.00 increase in a state's minimum wage led to lower rates of sexually transmitted infections (STI) among women; the authors measured between an 8.5 percent and 19.7 percent decrease depending on the specific STI.⁵⁹ The authors hypothesized that "poverty, low-wage jobs, income inequality, and other economic structural factors may spread STIs by creating high-risk partner pools, facilitating transactional sex, and perhaps undermining women's sexual agency" (p. 2).

However, a 2021 study that used data from 2008 through 2015 found null effects on adult health outcomes including diabetes, hypertension, overall health, and obesity for the full sample, although women saw an increased likelihood of diabetes with a higher minimum wage, men saw a higher likelihood of obesity, and men saw a lower likelihood of hypertension. The authors suggested that a variety of mediating factors complicate the link between higher pay and health; for example, outcomes such as hypertension have genetic contributions, and some individuals may still not have access to affordable health coverage even with a slightly higher wage.

A recent analysis estimated how New Jersey's incremental minimum wage increase from \$8.85 in 2019 to \$15.00 by 2024 may affect adults' eligibility for Medicaid given the Affordable Care Act's (ACA) expansion in health coverage for adults with low incomes.⁶⁹ The authors concluded that less than 5 percent of adults (excluding elderly individuals or people with disabilities) on Medicaid would lose Medicaid eligibility as a result of a \$15.00 minimum wage, and all would still qualify for ACA subsidies to help them afford health coverage. Overall, family earnings would rise by 17 percent, or an average annual increase of \$6,700 in the state.

Nurturing and Responsive Child-Parent Relationships

One study examined the impacts of higher minimum wages on child-parent relationships and found insignificant results. The 2023 study found that a \$1.00 increase in the minimum wage did not impact parents' overall time spent with children or time spent on education-related activities or health-related activities.^S

Nurturing and Responsive Child Care in Safe Settings

To date, there are no causal studies that address the impacts of higher minimum wages on child care for infants and toddlers, but this topic is widely discussed in correlational research. Child care workers are much lower paid, on average, than educators in the public pre-K to grade 12 system. Many scholars and advocacy groups argue that paying child care workers more would improve staff retention and increase the quality of care, and ultimately lead to better outcomes for children. To date the following that paying child care workers more would improve staff retention and increase the quality of care, and ultimately lead to better outcomes for children.

According to the National Women's Law Center (NWLC), one in 10 child care workers lives below the federal poverty level, whereas the poverty rate for all workers is half this rate.⁶⁰ The Bureau of Labor Statistics reported that the median hourly wage for child care workers was \$12.24 in 2020, which was significantly lower than the national median hourly wage (\$20.17).⁸⁰ The NWLC reported in 2020 that "the child care workforce is 93% women and approximately 40% women of color" (p.

3), so the low wage in this industry has disproportionate impacts by race and gender, exacerbating existing inequities.⁶⁰

If caregivers struggle with meeting their own basic needs and experience stress as a result, their interactions with children in a child care setting may not be conducive to optimal child outcomes. Recent findings from an ongoing study of child care workers in centers in Seattle and South King County, Washington (where minimum wages were at \$15.00 and \$12.00, respectively, during the study), and in Austin, Texas (where the federal level of \$7.25 continues to apply, per Texas law), found that wages below the median at each site were associated with worse worker health for some indicators (stress, general health, BMI^{xvii}, and cholesterol).⁸⁵

However, the interaction between higher minimum wages and the child care sector has raised concerns about the supply and affordability of care.²⁷ A descriptive study examined the responses of Seattle child care providers to the city's gradual minimum wage increase from \$9.47 to \$15.00 (\$16.39 for large employers) between 2014 and 2021.¹³ The study's survey of 41 child care centers found that by 2017, 90 percent of the centers had raised prices to account for the increased minimum wage, and the second most common response was to reduce hours or staff.

A 2021 report estimated that a \$15.00 federal minimum wage may lead to child care prices rising by 21 percent, or equivalent to a cost of over \$3,700 per family per year in a household with two children. However, data suggest that child care workers themselves may be better able to support their own families if they were paid a higher wage. A minimum wage increase to \$15.00 by 2025 would have a significant positive impact for child care workers, over a third of whom are Black or Hispanic. Such an increase would raise pay for 44 percent of child care workers, with an average increase of \$2,900, and annual earnings of Black and Hispanic child care workers would increase over \$3,100. This policy would greatly reduce pay disparities within child care and across the country; the 10th percentile wage in the child care industry would increase by 42 percent, and child care workers in southern states would benefit disproportionately because their state minimum wages are currently lower than in other regions of the country.

Optimal Child Health and Development

Evidence suggests that higher minimum wages may have positive impacts on children's health outcomes. Researchers at the University of Iowa College of Public Health began an ongoing project in 2019 to examine the links between minimum wages and long-term child health and development. A 2020 study published as part of that project (that used data from the 2003, 2007, and 2011/12 waves of the National Survey of Children's Health) found that a \$1.00 increase in state minimum wages during pregnancy had a null effect on children's health, but a \$1.00 increase from birth through age 5 had a significant positive impact on the likelihood that a child was reported to be in excellent or very good health from ages 6 through 12 (an 8.7% increase). A \$1.00 increase from birth through age 5 also significantly reduced the likelihood that children would miss school from ages 6 through 12 because of illness or injury (a 15.6% reduction in the number of missed school days).

xvii BMI (Body Mass Index), as a measure, can be beneficial when looking across large groups of a population, but it is far less useful and can be harmful when using it to evaluate individuals, especially women and people of color. 92

A 2020 study that used survey data from 2000 through 2015 found no significant effects of higher minimum wages on the health outcomes of children (including those with immigrant or native parents) in the US. These health outcomes included health ratings on a scale of poor to excellent, frequency of emergency room visits, or frequency of specific illnesses.^K

A 2017 study (that used data from 2004 to 2013) revealed that higher state minimum wages led to reduced child maltreatment rates; in particular, the authors found a 9.6 percent reduction in neglect reports with each \$1.00 increase in a state's minimum wage (a 10.8% reduction for children ages 0 to 5). Effects were not significant for physical abuse, but were in the beneficial direction (a reduction of 15 reports per 100,000 children for each \$1.00 increase). This finding is consistent with prior research on the link between poverty and child neglect reports, and the results suggest that higher minimum wages may be an effective tool for improving child welfare by improving parents' ability to meet their children's material needs. This study found no differences in the impacts of minimum wages by race or ethnicity.

Additional studies have reinforced these findings. Q.T.U A 2021 study, that used the Future of Families and Child Wellbeingxviii data, found that a \$1.00 increase in state-level minimum wages resulted in a decrease of 0.28 self-reported neglect incidents per year (from a baseline of less than 1). Effects for both physical and psychological abuse were not significant. Q

A 2023 study assessed child maltreatment by asking mothers to rate the frequency of child neglect, physical assault, and psychological aggression events. Several questions were included within neglect, abuse, and psychological aggression. For example, one of the questions to measure the frequency of neglect events included asking participants how often they "had to leave their child home alone, even when they thought some adult should be with him/her". At child age 3, a \$1.00 increase in the state-specific minimum wage resulted in a 0.39 point decrease in mothers' self-reported child neglect events in the past 12 months. The study did not find significant impact of an increased minimum wage on either mothers' self-reported physical assault of the child or psychological aggression toward the child in the past 12 months.

A study published in 2024, using data from 2005–2019, found that a \$1.00 increase in the state minimum wage decreased neglect reports by 3.49 per 1,000 children. Decreases were driven by a decrease in reports for Black children, which declined by 5.40 per 1,000 children. For neglect substantiations, a \$1.00 increase in the state minimum wage decreased substantiations by 1.30 per 1,000 children. Also consistent with other studies, the authors found no significant findings of an increase in minimum wage on reports of physical abuse or physical abuse substantiations. U

Finally, one study found no impact of state minimum wages on child maltreatment-related fatalities. Vover the study period between 2000 and 2019, a \$1.00 increase in state minimum wages was found to have no impact on child maltreatment-related fatalities. Authors suggest that previous studies may have found reductions in maltreatment reports because families had less interactions with mandated reporters (e.g., through reduced reliance on public assistance). In comparison to reports, child maltreatment related deaths are much more severe and rare. V

xviii The Fragile Families and Child Wellbeing Study is now called The Future of Families and Child Wellbeing Study.

Is There Evidence That a Higher State Minimum Wage Reduces Disparities?

Large gaps in wages, annual income, and wealth persist between White and Black workers; a 2020 report showed that White workers earn, on average, 25 percent more in annual income than Black workers. Women, Black workers, and Latino^{xx} workers are disproportionately paid less than \$15.00 per hour compared to their male or White counterparts, and wage disparities can contribute to income and wealth disparities. White families' median net wealth is estimated to be 10 times higher than Black and Latino families.

Many of the studies summarized in this review revealed differential impacts of state minimum wages by race, gender, and/or education level. For example, a 2019 study found that increases in state minimum wages reduced poverty to a greater degree for Black and Latino individuals and for workers with less education compared to the population overall. A 2011 examination of the interaction between the EITC and higher minimum wages also found that positive earnings effects were strongest for Black and Hispanic women with lower education levels.

One study, which was not included in Table 2 because of limitations to causal inference, found that higher state minimum wages significantly reduced infant mortality among infants born to Black mothers (a 20% reduction among states at or above the 75th percentile of state minimum wage levels), whereas no significant impact was found for infants with White mothers.³⁰ The overall rate of infant mortality among Black infants has been found to be more than twice that of infants born to non-Hispanic White mothers, so this study provides promising evidence that higher state minimum wages may reduce disparities in this outcome.^{30,31} Further causal research on this link would be valuable to corroborate these results.

As described in the Parental Health section of this review, a higher subminimum wage may reduce parents' prenatal stress, particularly among women of color with less than a college degree. More research on the effects of higher subminimum wages would broaden the evidence base for marginalized populations, such as young women of color, who are disproportionately paid subminimum wages. Market as young women of color, who are disproportionately paid subminimum wages.

Two additional studies that were excluded from our analysis of impacts in Table 2 (because they did not focus on families and children) provide insight into how higher minimum wages may more positively benefit marginalized populations, including immigrants and individuals involved in the criminal justice system. ^{32,34,37} One study found that higher minimum wages can reduce the incarceration rate in the US³²—the country with the highest current incarceration rate of countries in the Organization for Economic Cooperation and Development. ³⁵ In particular, a \$1.00 increase in a state's minimum wage was associated with 12 to 25 fewer incarcerations per 100,000 people, primarily driven by reductions in the jailing of men of color. The US incarcerates 698 people per 100,000, so the results represent up to a 3.6 percent reduction. ³⁶

A recent study that examined the impacts of higher state minimum wages on immigrants with no high school degree (including both documented and undocumented workers) found null effects on

xix This study did not examine Hispanic or Latino workers.

xx The referenced report used "Latino" rather than Hispanic.

poverty and negative effects on employment: A 10 percent increase in state minimum wages was associated with a 1.1 percent decline in employment among immigrants from Mexico.³⁷ However, it is difficult to disentangle the effects of state minimum wages from ongoing changes in immigration policies that may affect where and how immigrants can safely seek employment, and which may increase exploitation by employers, who may not always pay the full minimum wage to immigrants.³⁷

A study of the historical impact of federal minimum wage increases found that the 1967 expansion of federal minimum wage coverage to new industries that employed large numbers of Black workers (agriculture, restaurants, and nursing homes, among others) had a significant, positive impact on reducing racial income inequality between Black and White workers. Specifically, this change was found to "explain more than 20% of the decline in the racial earnings gap between 1965 and 1980" and the reform did not negatively impact employment for workers. Nevertheless, gaps in income and wealth by race continue to limit opportunities for economic mobility among Black and Hispanic workers as compared to White workers.

In addition, the persistence of subminimum wage policies for tipped workers and workers with disabilities means that many individuals in communities that are marginalized are still paid at rates far lower than the federal minimum wage. The subminimum wage is a controversial policy that has been criticized for being racist, sexist, and ableist as a result of its roots in the end of slavery, when White business owners wanted to employ Black individuals but did not want to pay them a full wage. Eight states have eliminated subminimum wages for tipped workers, instead requiring that restaurant workers and other tipped employees receive the full minimum wage that applies to other industries (Alaska, California, Hawaii, Minnesota, Montana, Nevada, Oregon, and Washington). Given that approximately 70 percent of tipped workers are women, and 45 percent of restaurant workers are people of color, whom research shows are often subject to discriminatory tipping practices, the subminimum wage is a critical equity issue.

Research shows that restaurant sales do not suffer, and in fact may be higher, in states that enact a single minimum wage for all workers. Disagreement exists among service industry workers about which approach results in higher wages, with some surveys finding that service workers would prefer to maintain a tipped model rather than move to a higher standard wage without tipping. Disagreement exists among service industry workers about which approach results in higher wages, with some surveys finding that service workers would prefer to maintain a tipped model rather than move to a higher standard wage without tipping.

However, an important finding, relevant to families with young children, is that in states with one standard minimum wage, "half as many tipped workers with children under age 5 are in poverty" compared to states with tiered wages. For example, the poverty rate for tipped workers with at least one child under age 5 is 12.8 percent in the single-wage states, compared to over 24 percent in states with tiered wages. The poverty gap between men and women in tipped positions is also smaller in states that have eliminated the subminimum wage (a gap of 1.2 percentage points compared to up to 3 percentage points). The poverty gap for all workers, overall, is also smaller between men and women in single-wage states; a 1.4 percent gap between men and women compared to a 5.8 percent gap.

Has the Return on Investment for State Minimum Wages Been Studied?

Two strong causal studies found that higher minimum wages increased earned income and reduced reliance on public assistance.^{B,J} In addition, a policy brief by the Economic Policy Institute

estimated that for workers with the lowest incomes,^{xxi} a \$1.00 increase in hourly wages would reduce the likelihood of receiving public assistance by 3.1 percentage points (a reduction of 850,000 individuals).³⁸ A study that estimated the effects of a federal minimum wage increase from \$7.25 to \$9.80 (which would, by default, raise state minimum wages for those states that default to the federal floor) predicted an increase in gross domestic product of \$25 billion and a net increase in jobs of 100,000 over 2 years.⁹

As mentioned previously, an analysis of the impacts of a \$15.00 federal minimum wage estimated that such a policy may save up to \$107 billion in state and federal public assistance benefits. However, it is important to ensure that families do not lose critical benefits (such as Medicaid or food assistance) or experience a net loss in resources as a result of a higher wage floor. An analysis of New Jersey, for example, found that the impact of the state's incremental wage increase to \$15.00 on Medicaid eligibility would be negligible, but it is important that policymakers and scholars continue to monitor the interaction between higher wage policies and other benefits to examine how low-income families may be affected. 69

What Do We Know, and What Do We Not Know?

The evidence indicates that increases in state minimum wages increase earnings and family incomes with minimal or no adverse effects on employment, leaving families better off overall. Studies show that minimum wage increases can reduce poverty rates, with the most significant effects in areas with the lowest median wages and for subgroups including children, Black and Hispanic individuals, and people with lower levels of education. The evidence also suggests that higher minimum wages may lead to modest improvements in birth outcomes and may reduce child neglect rates.

Less is known about how minimum wages may affect child health past infancy and how large minimum wage increases will affect the child care market, given that many child care workers earn wages below the highest proposed levels.³⁹ Most of the studies on child and family outcomes that note positive results have examined minimum wages up to the \$10.00 level, but many states xxii will have implemented minimum wages of at least \$15.00 by 2026, based on scheduled increases in current legislation.⁸⁶

Additional research will be necessary to examine whether minimum wages at the highest levels produce more negative employment impacts than wages at the \$10.00 level, for example. Evidence from a 2018 study of Seattle revealed that the city's minimum wage increase from \$9.47 to \$11.00 produced better outcomes than the subsequent move from \$11.00 to \$13.00, but more nationally representative studies are needed to determine the optimal wage level for supporting families and producing positive outcomes. ⁵¹ Beyond simulations and estimates, more empirical research on large minimum wage increases, as more states implement them, will be valuable to determine the optimal state minimum wage.

Analyses that account for changes in the real wages (minimum wage adjusted for inflation), rather than the nominal value, will also be important. The value of the \$7.25 federal minimum wage is

xxi This analysis examined individuals earning up to \$12.16 per hour.

currently "worth less than at any point since February 1956". 41,90 More research that examines the differential impacts of minimum wage increases by race and ethnicity, particularly for birth outcomes, would add to the growing evidence base. Finally, evidence on how higher minimum wages affect fathers and noncustodial parents, such as through greater child support payment cooperation, would be valuable for the prenatal-to-3 field.

Is a Higher State Minimum Wage an Effective Policy for Improving Prenatal-to-3 Outcomes?

Evidence shows that state minimum wage increases, especially those extending to \$10.00 per hour or greater, are effective for increasing household resources, improving birth outcomes, and reducing child poverty, particularly in families of color. Higher minimum wages can improve parent mental health and have been shown to improve adults' physical health in more general samples. Although evidence for children's health is mixed, some studies have found reduced maltreatment and better long-term child health linked to exposure to higher wages during the prenatal-to-3 period. Studies of local minimum wages as high as \$12.00 to \$15.00 have shown some positive results, but more causal research is needed at the statewide level for wages in that range.

How Did We Reach Our Conclusions?

Method of Review

This evidence review began with a broad search of all literature related to state minimum wages and their impacts on child and family wellbeing during the prenatal-to-3 period. First, we identified and collected relevant peer-reviewed academic studies as well as research briefs, government reports, and working papers, using predefined search parameters, keywords, and trusted search engines. From this large body of work, we then singled out for more careful review those studies that endeavored to identify causal links between the policy and our outcomes of interest, taking into consideration characteristics such as the research designs put in place, the analytic methods used, and the relevance of the populations and outcomes studied. We then subjected this literature to an in-depth critique and chose only the most methodologically rigorous research to inform our conclusions about policy effectiveness. Studies with samples focused on families, parents, and children are included in Table 2 (Evidence of Effectiveness). Other studies with broader samples (e.g., all workers, regardless of family status) informed our discussion, but are not included in Table 2. All causal studies considered to date for this review were released on or before February 28, 2025.

Standards of Strong Causal Evidence

When conducting a policy review, we consider only the strongest studies to be part of the evidence base for accurately assessing policy effectiveness. A strong study has a sufficiently large, representative sample, has been subjected to methodologically rigorous analyses, and has a well-executed research design allowing for causal inference—in other words, it demonstrates that changes in the outcome of interest were likely caused by the policy being studied.

The study design considered most reliable for establishing causality is a randomized controlled trial (RCT), an approach in which an intervention is applied to a randomly assigned subset of people. This approach is rare in policy evaluation because policies typically affect entire

populations; application of a policy only to a subset of people is ethically and logistically prohibitive under most circumstances. However, when available, RCTs are an integral part of a policy's evidence base and an invaluable resource for understanding policy effectiveness.

The strongest designs typically used for studying policy impacts are quasi-experimental designs (QEDs) and longitudinal studies with adequate controls for internal validity (for example, using statistical methods to ensure that the policy, rather than some other variable, is the most likely cause of any changes in the outcomes of interest). Our conclusions are informed largely by these types of studies, which employ sophisticated techniques to identify causal relationships between policies and outcomes. Rigorous meta-analyses with sufficient numbers of studies, when available, also inform our conclusions.

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RESEARCH FOR ACTION AND OUTCOMES

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