

U.S. Minimum Wage

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What is Minimum Wage?

- Minimum wage is the lowest wage per hour that a worker may be paid, as mandated by federal law
 - A price floor on hourly wages
- This definition applies to federal minimum wage
 - Minimum wage in individual states may be equal to or more than the federal minimum wage
- There are many exceptions to who must be paid FMW. Groups who may legally be paid less than FMW:
 - Workers with disabilities
 - Independent contractors
 - Farm workers
 - Full-time students
 - Apprentices

Minimum Wage Statistics

- As of 2022, the federal minimum wage is \$7.25 per hour for non-tipped employees
 - This has been the FMW since July of 2009
- Minimum wage is \$2.13 per hour for tipped employees
- Washington is the state with the highest minimum wage, \$14.49/hr
- 18 states have their minimum wage set to the same amount as the FMW
- Minimum wage in Delaware is currently \$10.50/hr

Who Determines Minimum Wage

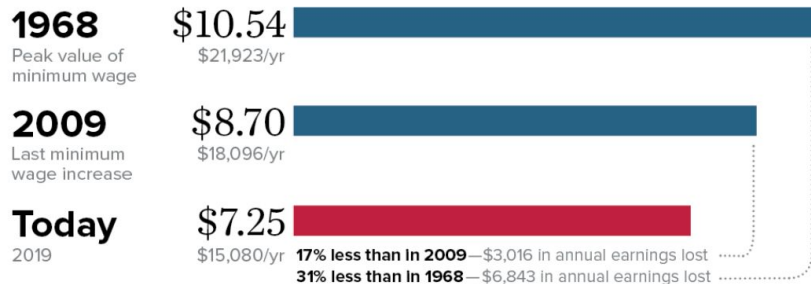
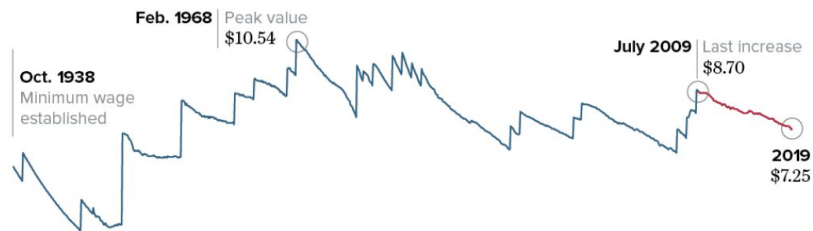
- FMW is determined by the Department of Labor (DOL)
- FMW guidelines are contained in the Fair Labor Standards Act (FLSA).
- The FLSA includes information about:
 - Minimum wage
 - Maximum hours
 - Child labor provisions
 - Exemptions
 - Protection for employees

Minimum Wage Vs. Costs of Living

- As of 2018, 1.7 million U.S. workers received wages at (or even below) the federal minimum wage.
 - We can assume this number has only increased due to side effects of the pandemic, inflation, etc.
- Only one state (Arizona) has a minimum wage higher than the living wage for a single individual.
 - But if you add one additional person to that family, not a single state ensures a minimum wage that would cover the cost of living.
 - <https://getdivvy.com/blog/minimum-wage-vs-living-wage/>
- There has been increased support for a \$15/hr FMW by 2025
 - This wage would cover the cost of living for a single adult in all but three states (NY, Mass., HI)
 - But would still not be sufficient for a family relying on a single income

After the longest period in history without an increase, the federal minimum wage today is worth **17% less** than 10 years ago—and **31% less than in 1968**

Real value of the minimum wage (adjusted for inflation)



Note: All values are in June 2019 dollars, adjusted using the CPI-U-RS.

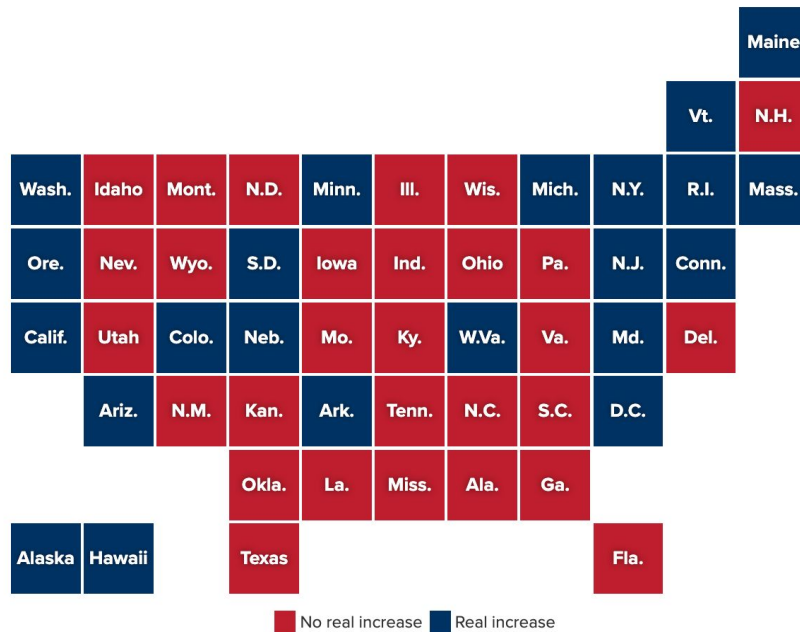
Source: EPI analysis of historical minimum wage data in the Fair Labor Standards Act and amendments

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FIGURE B

29 states saw no real increase in the value of their minimum wage between 2010 and 2018

States with and without a real increase in their minimum wage between 2010 and 2018



Note: States in blue have positive real minimum wage increases between 2010 and 2018, after adjusting for inflation using the CPI-U-RS.

Sources: CPI-U-RS from the Bureau of Labor Statistics and minimum wage data from Kavya Vaghul and Ben Zipperer, "Historical State and Sub-State Minimum Wages," Version 1.2.0, 2019

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Sources

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