State Minimum Wages

By Jennifer Burnett [1]
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Legislators in several states are considering raising the minimum wage this year, but the issue is controversial. Proponents of raising state minimum wages argue that while the federal rate has remained stagnant—it hasn’t increased since 2009—the costs for housing, food, utilities and health care have continued to climb. This leaves those earning minimum wage with less money to afford the basics, which in turn puts downward pressure on the demand for goods and services. Opponents warn that raising the wage now would have a negative impact on businesses—especially during anemic economic times—and that a minimum wage hike actually hurts those that it intends to help by forcing employers to cut jobs at the low end of the pay scale.

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Millions of workers across the country earn the minimum wage or less.  

- The federal minimum wage is $7.25 per hour. Someone working at that rate for 40 hours a week for 52 weeks a year earns $15,080.
- In 2011, 59.1 percent of all wage and salary workers age 16 or older were paid at hourly rates. Of those paid by the hour, 3.8 million workers earned wages at or below the minimum, equal to 5.2 percent of all hourly paid workers.
- Some 2.2 million people earned below the minimum wage in 2011. That could be due to Fair Labor Standards Act violations or permitted exemptions to the minimum wage law.
- The young and the undereducated are more likely to earn minimum wage or less.
  - While workers under age 25 represented about 20 percent of hourly paid workers in 2011, this age group made up about half of those paid the federal minimum wage or less.
  - Those without a high school diploma were more than twice as likely to be in a minimum-wage job as their high school graduate counterparts in 2011. About 11 percent of hourly paid workers
without a high school diploma earned the federal minimum wage or less last year, compared with about 5 percent of those who had a high school diploma with no college and about 2 percent of college graduates.

- Georgia (9.6 percent), Mississippi (8.5 percent) and Texas (8 percent) have the highest proportion of hourly paid workers earning at or below the federal minimum wage. On the other end of the scale, 1.2 percent of workers in Oregon earn at or below the minimum wage – the smallest percentage of any state – followed by California (1.6 percent) and Washington (1.8 percent).

**Wage floors vary throughout the country, as some states set their rate higher than the federal minimum.**

- Although most states establish their own minimum wages legislatively, federal minimum wage law supersedes state law. That means if the minimum wage established by the state is higher than the federal rate, the state rate applies. If the state’s minimum rate is lower than the federal rate, the federal rate applies. Alabama, Louisiana, Mississippi, South Carolina and Tennessee don’t have an established minimum wage requirement.
- According to the Bureau of Labor Statistics, only 4 states—Arkansas, Georgia, Minnesota and Wyoming—have a minimum wage set below the federal rate. Twenty-three states have a minimum wage that is the same as the federal rate.
- Eighteen states plus the District of Columbia have rates higher than the federal rate, ranging from a low of $7.40 per hour in Michigan and Rhode Island to a high of $9.04 per hour in Washington state.
- In 10 states—Arizona, Colorado, Florida, Missouri, Montana, Nevada, Ohio, Oregon, Vermont and Washington—minimum wages are linked to the consumer price index. For these states, the minimum wage is usually increased each year, generally around the first of the year. For example, on Jan. 1, 2012, eight of these states increased their wages; the two holdouts were Missouri and Nevada.

**References:**
2. As of January 1, 2012 Wyoming—have a minimum wage set below the federal rate. Twenty-three states have a minimum wage that is the same as the federal rate.