Increasing State and Local Minimum Wage

Description of the policy and how it works in practice

State or local laws that increase the minimum amount employees must be paid per hour above the federal minimum wage of $7.25.

Health Impact

Increased minimum wages are associated with "reduced rates of mortality due to suicides, alcohol, or drugs," reduced rates of low birth weight among low-wage workers, reduced incidence of smoking, and "improved parent-reported health among young children."[30] Conversely, low minimum wages negatively impact health by affecting individual and household ability to meet basic needs for things like food, shelter utilities, transportation, and medical care.[31] Low minimum wages have been associated with other negative health impacts, such as difficulty affording childcare and substandard living conditions.[31]

Feasibility

Most Black Belt states have no state minimum wage above the federal floor of $7.25. Alabama, Louisiana, Mississippi, South Carolina, and Tennessee have no state minimum wage at all. Georgia sets a statutory minimum of $5.15. North Carolina sets its minimum at the federal rate. In each of these states, the federal minimum of $7.25 applies to covered workers.

About half of all states have enacted laws that prohibit local governments from increasing their own minimum wages.[32] No new states have preempted local minimum wage laws since 2019, and the majority of state preemption was already in place prior to 2015.

In some states, this means the federal minimum wage of $7.25 applies, while in other states a higher state minimum wage may apply. According to the National Conference of State Legislatures, as of January 1, 2025, 32 states have minimum wages higher than $7.25.[33] Ten states and Washington, D.C., have minimum wages of $15 or

States Preempting Local Minimum Wage Laws

- Alabama (2016)
- Arkansas (2017)
- Florida (2003)
- Georgia (2004)
- Idaho (2016)
- Indiana (2011)
- Iowa (2017)
- Kansas (2013)
- Kentucky (2017)
- Louisiana (1997)
- Michigan (2015)
- Mississippi (2013)
- Missouri (2015)
- North Carolina (2016)
- North Dakota (2019)
- Ohio (2016)
- Oklahoma (2014)
- Oregon (2001)
- Pennsylvania (2006)
- Rhode Island (2014)
- South Carolina (2002)
- Tennessee (2013)
- Texas (2003)
- Utah (2001)
- Wisconsin (2005)

higher.[33] According to the Congressional Research Service, as of October 3, 2024, 20 states and D.C. index, or are scheduled to index, their state minimum wage based on some established measure of inflation, such as a version of the Consumer Price Index (CPI).[34]

It is important to note that even though several states have no minimum wage above the federal floor, few workers report earning that exact rate. In 2024, about 1.0% of hourly paid workers earned at or below the prevailing federal minimum wage of $7.25.[35] That share understates the reach of low pay. Oxfam's 2024 analysis found that more than 39 million workers, about 23% of the US workforce, earn less than $17 per hour.[36]

In addition, minimum wage can be affected by case law. While Kentucky passed a minimum wage preemption statute in 2017, the Kentucky Supreme Court had already found in a 2016 decision that localities did not have the authority to pass their own minimum wage laws.[32] This means if minimum wage advocacy were to be pursued in Kentucky, changes could only happen at the state legislative level. Even if the legislature repealed its preemption of local minimum wage laws, localities would not be able to pass their own minimum wage laws because they would still be bound by the state supreme court's decision. For local change, the legislature would likely have to pass a statute expressly granting authority to localities to regulate their own minimum wage. While this may be unique to minimum wage in Kentucky, case law review would likely need to be conducted for all policies based on the specific jurisdictions where advocacy is planned.

Some businesses and decision-makers also oppose increased minimum wage on economic grounds, arguing that it could result in loss of jobs and disproportionately burden small businesses, while advocates argue that increased minimum wage benefits businesses by "boosting employee productivity, reducing turnover rates, and enhancing consumer spending."[31]

Overview of the policy's impact on Black health and racial equity

In 2024, 32% of Black workers earned less than $17 per hour, compared with 21% of white workers and 23% of the workforce overall.[36] The share is higher for Black women, at 35%. Low pay is concentrated in states that have not raised their wage floor above $7.25, including the Black Belt states of Mississippi, Louisiana, and North Carolina, where 33.9%, 30.9%, and 28.8% of all workers respectively earn less than $17 per hour.[36]

Low minimum wages also disproportionately impact women, youth, and people with less education.[31] An increasing number of workers may fall outside of minimum wage protections, such as exceptions for "tipped workers, workers with disabilities, and independent contractors" as well as students and gig workers.[31] As an example, Black people are more likely to be independent contractors and, therefore, potentially less likely to benefit from legal requirements to increase the minimum wage.[31] Tipped workers are also disproportionately Black, stemming from the use of tipping as a form of exploitation of newly emancipated slaves following the Civil War.[37]

Nevertheless, increased minimum wage policies are, overall, likely to provide a disproportionate benefit to Black communities.[37]

Summary information from policy assessment

- **Policy status**
  STRONG — The policy has been implemented and can be implemented in many jurisdictions; there is strong evidence it improves Black health and equity, despite legal barriers in some states due to preemption.

- **Jurisdiction authority (federal, state, county, municipality, other)**
  STATE, COUNTY, MUNICIPALITY, OTHER — Minimum wages can be increased through state and local legal requirements, while employers can also voluntarily choose to pay higher wages. Increased wages can also be implemented through wage boards.[38]

- **Resource requirements (high, moderate, low)**
  MODERATE — States and localities may need to invest in enforcement to ensure that labor and employment laws like minimum wage are enforced and enforced equitably. For example, women, Black, and low-income communities are disproportionately burdened by underpayment and wage theft.[37] To the extent that minimum wage

laws apply to government employees, increases in minimum wage will also increase government spending, although overall it may result in cost savings through reductions in other expenditures (see below).

- **Return on investment (no, yes—social, yes—environmental, yes—economic)**
  YES—ECONOMIC AND SOCIAL—Studies have found that increases to minimum wage can result in large savings on government benefits programs like CHIP, TANF, and SNAP, while also reducing government health care expenditures through increasing access to preventive care and better nutrition.[31]

- **Legal considerations**
  Local minimum wage laws may be preempted by state law, and in rare instances, courts have found that localities lack authority to pass minimum wage laws.

- **Strength of evidence (strong, moderate, weak)**
  STRONG

- **Equity (yes, unclear/sometimes, no)**
  YES—Increasing minimum wage improves equity, with the small caveat that some Black workers are disproportionately likely to fall outside of legal protections, so changes to wage policy should take into account potential gaps, such as those for tipped workers, independent contractors, and sectors like agriculture.

- **Operational approach to equity (distributional, procedural, structural)**
  DISTRIBUTIONAL—Increasing minimum wage can result in more equitable distribution of economic resources in Black and lower-income communities.

Examples of the successful implementation of the policy in Black communities

Several states with either a large Black population by number or a high proportion of Black residents have minimum wage requirements that exceed the federal minimum wage, including Florida, New York, California, Maryland, Illinois, Virginia, Ohio, Washington, D.C., and Delaware.[33]

Increasing wages has been a priority of the Texas, Virginia, and New York Black legislative caucuses, with the New York Caucus having a particular focus on supporting human services workers

Other successful implementation examples include:

- Colorado repealed its preemption of local minimum wage laws in 2019.[32]
- Nationwide upward of 65 localities have adopted their own minimum wage laws.[39]
- Others working in this space include the Economic PolicyInstitute and Oxfam.