POLICY BRIEF

MAKE LIFE AFFORDABLE FOR ALL WORKERS

THE PROBLEM

All working people deserve a paycheck that allows them to make ends meet so they can afford what they need to thrive. But decades of eroding labor standards have allowed employers to suppress wages and hoard profits, causing wages to stagnate while prices continue to rise. The federal minimum wage, originally intended to ensure workers could afford the basic necessities of life, has stagnated for decades and currently sits below the poverty level. As a result, millions of workers struggle to support themselves and their families, unable to afford basic necessities like housing and child care. Structural racism and sexism have pushed many women and people of color into jobs that pay less and led to jobs held by women being undervalued. Women's overrepresentation in low-paid and tipped jobs is a key factor driving the persistent gender wage gap: overall, women working full time, year-round typically are paid just 81 cents for every dollar paid to their male counterparts—and this gap is wider for many women of color compared to white, non-Hispanic men.

Congress has not raised the federal minimum wage in well over a decade. Thirty states and the District of Columbia currently have minimum wages above the federal level of $7.25 per hour—but in far too many states the minimum wage still leaves workers near or below the poverty level—and no state minimum wage rate is enough to allow workers and families to afford the basic necessities of life.[1] Wages are even lower for many tipped workers, who are predominantly women, and disproportionately women of color: In all but seven states, employers can count a portion of tips toward wages (known as a "tip credit") and pay their tipped employees a minimum cash wage that is lower than the regular minimum wage. This tipped minimum cash wage has been just $2.13 an hour at the federal level for more than 30 years, and in most states, employers can still pay tipped workers less than $5 per hour, forcing the many women and LGBTQI+ people in these jobs to rely on variable tips for virtually all of their income—putting them at a particularly high risk of both economic insecurity and sex harassment. In addition, most states allow employers to pay a subminimum wage—often just a few dollars per hour—to people with disabilities working in segregated environments known as "sheltered workplaces," which both reflects and reinforces harmful stereotypes and undermines disabled workers' economic security.

1350 I STREET NW SUITE 700 WASHINGTON, DC 20005 202.588.5180 NWLC.ORG

THE SOLUTION

According to the Economic Policy Institute, a single worker without children needs at least $17 an hour to meet basic needs, and workers in costlier areas and those supporting families need more. These experts recommend setting the minimum wage rate at two-thirds of median income, which at the national level would amount to $20 per hour by 2030. Many states should view $20 per hour as a starting point; in other states, an even higher level would be an appropriate goal.

- Gradually raise the state minimum wage to at least two-thirds of the state's median wage, phased in over several years, and index the rate to rise annually based on increases in the median wage.
  - » States may also wish to consider incorporating changes to average wage or economy-wide productivity into their indexing calculation.
- Raise the minimum cash wage for tipped workers until it matches the regular minimum wage, so that all working people are paid at least this regular minimum wage before tips, also known as "One Fair Wage."
- Include all working people who are currently excluded from the federal minimum wage (*e.g.*, people with disabilities, young workers, farm workers, domestic workers).
- Robustly enforce wage theft laws and other basic labor standards.
- Ensure that local governments can establish their own minimum wages that exceed the state minimum.
- Establish wage boards or similar mechanisms to ensure that workers and other stakeholders can regularly evaluate the minimum wage and make recommendations, both overall and for specific industries.
- Restore workers' bargaining power by protecting and strengthening collective bargaining rights.
- Regulate employers' use of algorithmic wage-setting and other emerging technologies to drive down worker pay.
- Invest in policies and initiatives that boost wages for child care workers and other care workers. Increased public investments can ensure that low-paid child care workers and direct care workers such as home health aides and nursing assistants in nursing homes—who are overwhelmingly women, disproportionately Black women and Latinas—fully benefit from minimum wage increases, without increasing costs for the families they serve.

1350 I STREET NW SUITE 700 WASHINGTON, DC 20005 202-588-5180 NWLC.ORG

TALKING POINTS ON THE SOLUTION

- All working people—regardless of race, class, or gender—deserve jobs that allow them to afford basic necessities, support their families, and live with dignity.
- An April 2026 poll showed that strong majorities of adults report that they are worried about being able to afford health care, gas, and groceries. The majority of working women (56%) report that the amount they get paid is a major source of stress in their lives as of a February 2026 poll.
- Employers should not be allowed to continue suppressing working people's wages while increasing executive pay and shareholder profits. Raising the minimum wage is an important tool to narrow race and gender wage gaps. Because women—particularly Black women, Indigenous women, and Latinas—often are concentrated in low-paid jobs where their work is undervalued, they benefit the most when the minimum wage goes up.
- By ensuring that a higher minimum wage applies to tipped workers, people with disabilities, young workers, domestic workers, agricultural workers, and anyone else who has been excluded from this basic labor protection, states can work to diminish, rather than entrench, inequities.
- In One Fair Wage states, where employers are required to pay tipped workers the regular minimum wage before tips, women in tipped jobs experience far lower poverty rates than their counterparts in states with a $2.13 tipped minimum cash wage.
- One Fair Wage can benefit businesses, too: From January 2021 to May 2023, One Fair Wage states saw 53% growth in the leisure and hospitality industry, compared with just 19% growth in states with lower wages for tipped workers.
- Decades of research studying the impact of state and local minimum wage increases shows that these measures consistently boost incomes for workers and their families without costing jobs.
- Raising the minimum wage also benefits business because it can not only boost consumer demand but also reduce employee turnover, increase productivity, and improve customer service. In an early 2024 poll, 61% of small business owners supported raising the minimum wage in their state.

Public Popularity

- In an April 2024 poll, two-thirds (67%) of working-class voters and 58% of college-educated voters supported a minimum wage of $17 per hour.
  - The same poll showed that nearly two thirds (64%) of voters supported raising the minimum wage to $17 per hour.

1350 I STREET NW SUITE 700 WASHINGTON, DC 20005 202.588.5180 NWLC.ORG

- In almost every state and locality where voters have been presented with a ballot initiative to raise the minimum wage in the last 30 years, voters have overwhelmingly voted to pass the initiative.
- Click here, filtered by "Polling," for state and local polling on the tipped minimum wage.

State-Specific Data

- Click here for the Economic Policy Institute's Family Budget Calculator for calculating how much a modest but adequate lifestyle costs in your county or metropolitan area.
- Click here for data on what the minimum wage is in each state.
- Click here for data on women in tipped occupations by state.

Examples of State and Local Policies

- Legislatures in 12 states—California, Connecticut, Delaware, Hawai'i, Illinois, Maryland, Massachusetts, Michigan, New Jersey, New York, Rhode Island, and Virginia—and the District of Columbia have all enacted laws to raise the minimum wage to $15 per hour, or even higher; D.C.'s minimum wage is currently $17.95 per hour, for example, and Hawai'i's will reach $18 by 2028. The minimum wage in Washington is currently $17.13 per hour due to automatic increases based on inflation, and in several additional states with similar indexing mechanisms (such as Arizona, Colorado, Maine, Oregon), the minimum wage is currently above $15 per hour and will continue to rise.
- Voters in Alaska and Missouri approved increasing their minimum wage to $15 per hour on their ballots in November 2024; in 2022, voters in Nebraska approved a ballot initiative to increase the minimum wage to $15 by 2026, as did voters in Florida in 2020.
- Seven states have One Fair Wage policies: Alaska, California, Minnesota, Montana, Nevada, Oregon, and Washington.
- Flagstaff, Arizona, phased in a One Fair Wage policy, which took full effect in 2026, and Chicago, Illinois, is currently phasing in a One Fair Wage policy. Seventy-four percent of Washington, D.C., voters approved a One Fair Wage ballot initiative in 2022, but in 2025, under pressure from the National Restaurant Association, the D.C. council voted to amend the ballot measure so the tipped minimum wage would only reach 75% of the regular minimum wage.

FOOTNOTES

1. A person working full time, year-round at the federal minimum wage would make $15,080 per year before taxes, which is lower than the amount needed for a single adult to survive in any city or metropolitan area, according to the Family Budget Calculator.

1350 I STREET NW SUITE 700 WASHINGTON, DC 20005 202-588-5180 NWLC.ORG