Can’t Survive on $7.25: Ten Years Since Last Increase, Congress Still Won’t Raise the Minimum Wage

“We’re asking for a chance to live, go to school, and live safely. Fifteen isn’t just necessary, it’s the bare minimum. And we’re going to keep making noise, we’re going to keep on organizing, and we’re going to do what’s necessary to win.”—Ditanya Rosebud, Fight for $15 member, Baltimore, Maryland

Introduction and Key Findings

Early 2019 has brought strong gains in the fight for a higher minimum wage across the country, with four states adopting a path to $15, bringing the total to seven plus the District of Columbia. NELP estimates that the Fight for $15’s advocacy has helped put nearly one-third of the U.S. workforce on the path to $15 by 2025, when Illinois reaches $15. That’s a long way since 2012, when fast-food workers walked off their jobs to protest low pay. But absent decisive federal action, nearly 100 million workers will continue to struggle, especially in the 21 states where the minimum wage has remained frozen at $7.25 for the past 10 years. That’s less than half of $15—the largest gap in history between the federal wage and higher-wage states. Congress must act now to pass the Raise the Wage Act of 2019.

Key Findings

- Seven states and D.C. are already on the path to a $15 minimum wage, with four having joined the group in 2019: New Jersey, Illinois, Maryland, and Connecticut
- 31.1% of the U.S. workforce (45 million workers) will be covered by a $15 minimum wage by 2025 under current state law phase-ins
- 21 states have been stuck at the $7.25 federal minimum wage for 10 years, many with preemption laws that prevent local governments from going higher
- These 21 states are home to 56 million workers, while a total of nearly 100 million still live in states with minimum wages below $15
- Since 2009, the real value of the federal minimum has eroded and is now worth $6.11 in today’s dollars
- The Raise the Wage Act of 2019 would increase wages for 40 million workers by gradually phasing in $15 by 2024
- The act would end the exploitative tipped and disability sub-minimum wages
- Nearly 40 percent of all Black workers would receive increases under the federal law, compared to 23.2 percent of white workers
- Out of the 10 states with the highest concentration of African Americans, eight are among the states frozen at $7.25
- Polls show overwhelming support for raising the national minimum wage to $15
Federal Minimum Wage Locked at $7.25 for 10 Years Due to Right-Wing Obstruction in Congress and Corporate Profiteering

On July 24 of this year, the country will "celebrate" 10 years since the federal minimum wage last increased, while it has been 12 years since Congress voted to increase it. This ten-year anniversary is a sad milestone, marking the longest period without any increase since the federal minimum wage was first enacted in 1938. Since 2009, the federal minimum wage has been set at $7.25, a meager amount that cannot sustain a basic standard of living anywhere in the country for even a single adult without children working full-time.¹ For workers making minimum wage in the 21 states stuck at $7.25 and for those making less than $15 elsewhere, the minimum wage keeps eroding, locking them in poverty, particularly Black and Latino workers. There is now a shocking, record gap between the federal minimum wage and higher-wage states like Illinois and New Jersey.²

A Full-Time Job at $7.25 Pays Less Than the Federal Poverty Threshold
It's impossible to survive on $7.25 anywhere in this country. A $7.25 job at full-time hours—$15,080—pays less than the federal poverty threshold for a two-person household.³ Last year, a Federal Reserve Board report found that 40 percent of Americans didn't have $400 to cover an unexpected expense.⁴ People like Diana Vegas—a member of the immigrant advocacy group CASA in York County, Pennsylvania, who supports her nine-year old son on her job as a cook and dishwasher at a local restaurant, making $7.25—made the difficult choice to move into her parents' house, no longer able to juggle rent, child care, and basic expenses.

Workers in 21 States Suffer Due to Legislative Inaction, While Most of These States Also Prevent Local Governments from Raising Wages
While wages have climbed across the country since the Fight for $15 launched in 2012, 56 million workers in 21 states are still stuck at $7.25 (Figure 1). These states have refused to raise wages, even though sophisticated research has shown that increases put more money in workers' pockets without costing jobs.⁵ Most of these states also ban local authorities from raising wages (Figure 2).⁶ These laws disenfranchise voters, like in Birmingham, Alabama, where the state rolled back the city's $10.10 minimum wage.⁷

Most African Americans Live in Republican-Dominated Southern $7.25 States, With Women and People Color Also Overrepresented in Low-Wage Industries
The majority of African Americans live in the South.⁸ Out of top 10 states with highest percentages of African American people, eight are among states where the minimum wage is $7.25—and all of them have Republican-dominated state legislatures.⁹ (See Table 1.) Without a federal increase to the minimum wage, workers in these states will remain at $7.25 and continue to suffer higher poverty rates than the national average. Across the country, women and people of color are overrepresented in low-wage industries that systemically underpay workers.¹⁰
# Table 1. States With Highest Percentage of African Americans Have a $7.25 Minimum Wage

<table>
<thead>
<tr>
<th>State</th>
<th>African Americans as Percentage of State Population</th>
<th>Share of African Americans Affected by Federal $15</th>
<th>African-American Poverty Rate</th>
<th>Republicans Dominate State Legislature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mississippi</td>
<td>38%</td>
<td>56.7%</td>
<td>29%</td>
<td>Yes</td>
</tr>
<tr>
<td>Louisiana</td>
<td>32%</td>
<td>53.7%</td>
<td>21%</td>
<td>Yes</td>
</tr>
<tr>
<td>Georgia</td>
<td>31%</td>
<td>42.8%</td>
<td>19%</td>
<td>Yes</td>
</tr>
<tr>
<td>Maryland</td>
<td>29%</td>
<td>25.7%</td>
<td>11%</td>
<td>No</td>
</tr>
<tr>
<td>South Carolina</td>
<td>27%</td>
<td>48.7%</td>
<td>22%</td>
<td>Yes</td>
</tr>
<tr>
<td>Alabama</td>
<td>27%</td>
<td>52.0%</td>
<td>24%</td>
<td>Yes</td>
</tr>
<tr>
<td>Delaware</td>
<td>21%</td>
<td>41.9%</td>
<td>17%</td>
<td>No</td>
</tr>
<tr>
<td>North Carolina</td>
<td>21%</td>
<td>47.4%</td>
<td>19%</td>
<td>Yes</td>
</tr>
<tr>
<td>Virginia</td>
<td>19%</td>
<td>41.1%</td>
<td>16%</td>
<td>Yes</td>
</tr>
<tr>
<td>Tennessee</td>
<td>16%</td>
<td>48.0%</td>
<td>22%</td>
<td>Yes</td>
</tr>
<tr>
<td>U.S.</td>
<td>12%</td>
<td>38.1%</td>
<td>20%</td>
<td>N/A</td>
</tr>
</tbody>
</table>


# Figure 1. States at $7.25 Federal Level

Source: Map developed by author based on National Conference of State Legislatures data.
By 2024, $15 Minimum Will Not Be Enough for a Single Adult Without Children to Afford Basic Costs Anywhere in U.S.—That’s Already True in Most Places

The Economic Policy Institute estimates that by 2024 a single adult will need at least $31,200—or $15 an hour—to achieve an adequate living standard across the entire country. In most of the country, that’s already true. In Atlanta, a single adult without kids needs $19.83 an hour full-time to survive, compared to $17.34 in Houston and $16.52 in Des Moines. In 2018, the average national wage needed to afford a one-bedroom home was $17.90, while the two-bedroom wage was $22.10. That means a person making $7.25 needs to work 99 hours to afford rent on a one-bedroom home and 122 hours for a two-bedroom.

(See Figure 3.)
Minimum Wage Workers Today Make Nearly 40 Percent Less Than They Did in 1968—Even Less If You Account for the Country’s Growth in Productivity

To put $7.25 in perspective, minimum wage workers today make less than their counterparts did in 1968—and even less if one accounts for the growth in productivity. In 1968, the minimum wage was $1.60. If that wage had been adjusted for inflation each year, today we would have a $12 wage floor nationally. And if minimum wage workers had received their share of productivity gains, real wages would be nearly double that. The fact is that $7.25 represents a long and painful backslide for households across the entire country.

Historic Levels of Inequality Continue to Grow as the Minimum Wage Loses Its Value, Hitting Black and Latino Families Especially Hard

Inequality in the U.S. has hit levels last seen in the years leading to the Great Depression. CEOs are cashing in and companies are making record profits, while paying $91 billion less in taxes thanks to the Trump tax cuts. This regressive tax system helps underfund crucial programs like Social Security. And experts have shown that growing inequality has tracked a decline in union membership. Rising inequality overall has also meant that even modest gains for Black workers have failed to improve the income gap. Workers like Sarah Davis, who lives in New Orleans with her two children, told The Guardian she struggles to keep her utilities on: “Sometimes I pay just enough on my water or electricity bill to keep it from getting cut off. I always owe no matter what, because I have to have money for other things.”

Cities, States, and Companies Are Adopting Higher Minimum Wages, With Now Nearly One-Third of U.S. Workforce in States on Path to $15

The good news is that the Fight for $15 has made inroads across the entire country, pushing up wages to the tune of $68 billion for 22 million workers since 2012. Just in 2019, 21
states and 39 cities and counties will increase wages, with 15 cities and counties exceeding the $15 per hour threshold.23 That translates into raises for 17 million workers when the higher wages are fully phased in. These increases have been accompanied by historically low unemployment, proving minimum wage opponents wrong. Most impressively, seven states are now on the path to a $15 minimum wage, providing relief to millions of workers, stimulating economic growth, and making way for the federal $15 bill.

Four States Have Adopted Path to $15 in Early 2019, from the Midwest to Mid-Atlantic, Boosting Wages for Workers and Strengthening Local Economies

Since 2012, seven states and the District of Columbia have adopted a path to $15. Just in 2019, New Jersey, Illinois, Maryland, and Connecticut’s state legislatures passed bills to increase the minimum wage, driven by coalitions of advocates and workers acting on gains in the last election cycle that brought in more progressive government administrations. Altogether, NELP estimates these seven states represent 31.1 percent of the entire U.S. workforce, or 45 million workers, ensuring that a historic number of workers will earn wages that are closer to providing a life with dignity. That also means that in these places, workers are going to make—or are already making in the case of several major cities—twice the federal minimum wage, a historic gap between the federal minimum wage and the highest local and state wages.

<table>
<thead>
<tr>
<th>State</th>
<th>Workforce Population Size</th>
<th>Percentage of Total U.S. Workforce</th>
<th>Current Minimum Wage</th>
<th>Year Wage Reaches $15</th>
</tr>
</thead>
<tbody>
<tr>
<td>District of Columbia</td>
<td>712,370</td>
<td>0.49%</td>
<td>$13.25</td>
<td>2020</td>
</tr>
<tr>
<td>California</td>
<td>17,007,690</td>
<td>11.75%</td>
<td>$12.00</td>
<td>2023*</td>
</tr>
<tr>
<td>Connecticut</td>
<td>1,660,200</td>
<td>1.15%</td>
<td>$10.10</td>
<td>2023</td>
</tr>
<tr>
<td>Illinois</td>
<td>5,991,270</td>
<td>4.14%</td>
<td>$8.25</td>
<td>2025</td>
</tr>
<tr>
<td>Maryland</td>
<td>2,684,010</td>
<td>1.85%</td>
<td>$10.10</td>
<td>2025</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>3,571,360</td>
<td>2.47%</td>
<td>$12.00</td>
<td>2023</td>
</tr>
<tr>
<td>New Jersey</td>
<td>4,050,170</td>
<td>2.80%</td>
<td>$8.85</td>
<td>2024</td>
</tr>
<tr>
<td>New York</td>
<td>9,385,620</td>
<td>6.48%</td>
<td>$11.10</td>
<td>2018, 2021 &amp; TBD**</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>45,062,690</strong></td>
<td><strong>31.1%</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** Calculations by the authors based on Bureau of Labor Statistics, Occupational Employment Statistics, All Occupations, May 2018.

* Employers with 26 or more employees will reach $15 in 2022, while small employers with 26 or less reach $15 in 2023.

** The New York minimum wage varies across the state based on geographical location and, in New York City, employer size. In the latter, employers with more than 11 employees are already required to pay $15, with small employers reaching $15 at the end of 2019. Counties in Long Island and Westchester County reach $15 in 2021. Upstate New York’s minimum wage will increase first to $12.50 by the end of 2020, and then will be gradually increased to $15 based on a phase-in schedule to be announced by the state departments of budget and labor.
Corporate Attacks on the Minimum Wage Have Been Debunked by Sophisticated Research—and by Practical Experience
For years, corporate lobbyists have attacked the minimum wage with stale and groundless scare tactics. In 2014, 20 trade associations, including the powerful National Association of Manufacturers and the National Restaurant Association, wrote to Congress to denounce a bill to increase the minimum wage to $10.10, claiming it would cost jobs. Sophisticated research has debunked these claims time and time again. So has practical experience—since 2012, 22 million workers have won $68 billion in raises at the state and local level amid plummeting unemployment. In Chicago, even after a nearly 50 percent increase in wages from 2014 to now, the Chicagoland Chamber of Commerce, which had predicted closures and job losses, found businesses optimistic about hiring. A $7.25 minimum wage is not only unsustainable for households, but plain bad policy holding economic growth back.

Employers and Business Groups Across Nation Are Recognizing $15 as the Bare Minimum Needed to Survive—Even Starting to Go Higher
A growing number of employers are recognizing the benefits of paying their employees a higher wage: reduced turnover, higher productivity, increased consumer spending, and customer satisfaction. Disney, Amazon, Costco, and Target have pledged to pay $15 as a minimum. Meanwhile, Bank of America is raising its minimum to $20 an hour by 2021.

The Raise the Wage Act of 2019 Would Lift Incomes for Nearly 40 Million Workers, Providing Overdue Relief in Face of Rising Costs of Living
The Raise the Wage Act of 2019 would phase-in a $15 minimum wage across the entire country by 2024 and eliminate the tipped and disability minimum wages. The bill would be a step towards ensuring that work is compensated at a level that could afford individuals a minimum of dignity. According to estimates by the Economic Policy Institute, 39.7 million workers would benefit from the increase, including:
- 38.6 million adults ages 18 and older
- 23.8 million full-time workers
- 23.0 million women
- 11.2 million parents
- 5.4 million single parents
- The parents of 14.4 million children

Despite Gains, Nearly 100 Million Workers Still Live in States with Minimum Wages Levels Under $15, More Than Half of Those in $7.25 States
While the momentum for statewide $15 minimum wages laws is undeniable, the number of workers in states that still have not adopted a path to $15 by far eclipse those that have (Table 2). The largest chunk of workers remains those in the 21 states where the paltry and unlivable $7.25 minimum wage reigns. For minimum wage workers in these states, the gap between $7.25 and $15.00—considered the bare minimum to survive in almost the entire United States—has become larger than the federal minimum wage itself, likely a historic first. States that have adopted wages higher than the federal level but lower than $15 vary widely, from $8.25 in Nevada to the $13.50 wage that Washington State will adopt in 2020.
Table 3. Proportion of U.S. Workforce By Enacted State Minimum Wage Levels

<table>
<thead>
<tr>
<th>Minimum Wage Level</th>
<th>Workforce Population Size</th>
<th>Percentage of Total U.S. Workforce</th>
<th>Total Number of States</th>
<th>Gap Between $15 and State Wage†</th>
</tr>
</thead>
<tbody>
<tr>
<td>$15 and above</td>
<td>45,062,690</td>
<td>31.13%</td>
<td>7 and D.C.*</td>
<td>N/A</td>
</tr>
<tr>
<td>Between $7.25 and $15</td>
<td>43,298,950</td>
<td>29.92%</td>
<td>22**</td>
<td>Varies between $1.50 and $6.75</td>
</tr>
<tr>
<td>$7.25</td>
<td>56,371,670</td>
<td>38.94%</td>
<td>21***</td>
<td>$7.75</td>
</tr>
<tr>
<td>Total U.S. Workforce</td>
<td>144,733,270</td>
<td>100%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

† Based on highest legislatively enacted state minimum wage, whether current or to be phased in.
* CA, CT, DC, IL, MA, MD, NJ, NY
** AK, AZ, AR, CO, DE, FL, HI, ME, MI, MN, MO, MT, NE, NM, NV, OH, OR, RI, SD, VT, WA, WV
*** AL, GA, ID, IN, IA, KS, KY, LA, MS, NH, NC, ND, OK, PA, SC, TN, TX, UT, VA, WI, WY

Americans Decisively Support Raising the Federal Minimum Wage to $15
Across the board, Americans support higher minimum wages. In a poll conducted by Hart Research Associates of 800 likely 2020 voters in the 57 “battleground” congressional districts won by Democrats in 2018 by 15 percentage points or less, 65 percent support gradually raising the federal minimum wage to $15 by 2024. With Arkansas and Missouri’s ballot initiatives running up huge margins in 2018, New Mexico passing a $12 minimum wage law this year, and four more on the path to $15, momentum is gaining for a robust national wage floor.35

A $15 Minimum Wage Must Be Truly National, Without Regional Carve-Outs
Some politicians have countered the $15 federal bill with proposals to set the minimum wage region by region. But the federal minimum wage is supposed to establish a universal floor that applies equally everywhere and can actually support workers.36 Under one proposal, 15.6 million fewer workers would receive a raise compared to the Raise the Wage Act, with one-third of those—5.6 million—being women of color. Regional minimum wages bake in low wages to already low-wage places, carving out the areas that need it most, particularly rural areas and Southern states, where social, racial and political factors have depressed wages.

The Bill Phases Out the Tipped and Disability Sub-Minimum Wages
Federal law allows tipped workers to be paid a mere $2.13 if they are tipped workers, which is widespread in industries like hospitality.37 Analysis by the Economic Policy Institute of data from states with no tipped minimum wage, so-called “one fair wage” states, shows that service workers in these states earn more and suffer lower rates of poverty.38 Federal law also currently allows people with disabilities to be paid a sub-minimum wage, affecting more than 150,000 workers.39 Not only does this exemption devalue their work, it has allowed for exploitative work arrangements. States like Maryland and Alaska are already phasing them out.40 It’s time for the federal government to do the same for other states.
Conclusion

From teachers to fast-food workers, workers all over the country are asking for a chance to live with dignity. That means, at least in part, wages that provide an adequate standard of living. As Joseph Franklin, a McDonald’s worker in Hartford and a leader in the Fight for $15, said upon the passage of $15 in Connecticut, “I'll be able to afford the bus ticket I need to get to and from work during the day—without wondering if it means that I won't be able to put food on the table that night.” As history and especially the last 10 years have shown, without decisive action from Congress, many states will simply not raise their minimum wages to adequate levels, leaving tens of millions of workers behind. Congress must act now to ensure the federal minimum wage provides a robust national floor all workers.
Endnotes


