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# State Minimum Wages: An Overview

David H. Bradley  
*Congressional Research Service*

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# State Minimum Wages: An Overview

## Abstract

[Excerpt] This report begins with a brief discussion of FLSA minimum wage coverage. It then provides a summary of state minimum wage laws, followed by an examination of rates and mechanisms of adjustments in states with minimum wage levels above the FLSA rate (Table 1 provides summary data). Next, the report discusses the interaction of federal and state minimum wages over time, and finally, the Appendix provides detailed information on the major components of minimum wage policies in all 50 states and DC.

It is important to note that the state policies covered in this report include currently effective policies and policies enacted with an effective date at some point in 2016. While most states' scheduled state minimum wage rate changes (due to inflation adjustments or statutorily scheduled changes) occurred on January 1, 2016, four states have rate increases scheduled for later in 2016. Effective dates of rate increases are noted in Table 1 and in the **Appendix**.

## Keywords

minimum wage, state laws, Fair Labor Standards Act, FLSA

## Comments

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# State Minimum Wages: An Overview

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**Congressional Research Service**

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## Summary

The Fair Labor Standards Act (FLSA), enacted in 1938, is the federal legislation that establishes the general minimum wage that must be paid to all covered workers. While the FLSA mandates broad minimum wage coverage, states have the option of establishing minimum wage rates that are different from those set in it. Under the provisions of the FLSA, an individual is generally covered by the higher of the state or federal minimum wage.

As of 2016, 29 states and the District of Columbia have minimum wage rates above the federal rate of \$7.25 per hour, with rates ranging from \$0.25 to \$4.25 above the federal rate. Two states have minimum wage rates below the federal rate and five states have no state minimum wage requirement. The remaining 14 states have minimum wage rates equal to the federal rate.

In any given year, the exact number of states with a minimum wage rate above the federal rate may vary, depending on the interaction between the federal rate and the mechanisms in place to adjust the state minimum wage. Adjusting minimum wage rates is typically done in one of two ways: (1) legislatively scheduled rate increases that may include one or several increments; (2) a measure of inflation to index the value of the minimum wage to the general change in prices.

Of the 29 states and DC with minimum wage rates above the federal rate, 9 currently have no scheduled increases beyond 2016, while 5 states have legislatively scheduled rate increases after 2016. A total of 15 states and DC currently, or will in a future year, index state minimum wage rates to a measure of inflation.

Because the federal and state minimum wage rates change at various times and in various increments, the share of the labor force for which the federal rate is the binding wage floor has changed over time. Since 1981, there have been three series of increases in the federal minimum wage rate—1990-1991, 1996-1997, and 2007-2009. During that same period, there have been numerous changes in state minimum wage policies. As a result of those interactions, the share of the U.S. civilian labor force living in states in which the federal minimum wage is the floor has fluctuated but generally declined, and is about 39% as of 2015.

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## Introduction

The Fair Labor Standards Act (FLSA), enacted in 1938, is the federal legislation that establishes the general minimum wage that must be paid to all covered workers.<sup>1</sup> The FLSA mandates broad minimum wage coverage. It also specifies certain categories of workers who are not covered by general FLSA wage standards, such as workers with disabilities or certain youth workers.

In 1938, the FLSA established a minimum wage of \$0.25 per hour. The minimum wage provisions of the FLSA have been amended numerous times since then, typically to expand coverage or raise the wage rate. Since its establishment, the minimum wage rate has been raised 22 separate times.<sup>2</sup> The most recent change was enacted through P.L. 110-28 in 2007, which increased the minimum wage from \$5.15 per hour to its current rate of \$7.25 per hour in three steps (the final step occurring in 2009).

States generally have three options in setting their minimum wage policies (1) they can set their own minimum wage provisions that differ from those in the FLSA, (2) they can explicitly tie their minimum wage provisions to the FLSA, or (3) they can include no specific minimum wage provisions in state law.

This report begins with a brief discussion of FLSA minimum wage coverage. It then provides a summary of state minimum wage laws, followed by an examination of rates and mechanisms of adjustments in states with minimum wage levels above the FLSA rate (**Table 1** provides summary data). Next, the report discusses the interaction of federal and state minimum wages over time, and finally, the **Appendix** provides detailed information on the major components of minimum wage policies in all 50 states and DC.

It is important to note that the state policies covered in this report include currently effective policies and policies enacted with an effective date at some point in 2016. While most states' scheduled state minimum wage rate changes (due to inflation adjustments or statutorily scheduled changes) occurred on January 1, 2016, four states have rate increases scheduled for later in 2016. Effective dates of rate increases are noted in **Table 1** and in the **Appendix**.

## FLSA Minimum Wage Coverage

The FLSA extends two types of minimum wage coverage to individuals: “enterprise coverage” and “individual coverage.”<sup>3</sup> An individual is covered if they meet the criteria for either category.

### Enterprise Coverage

To be covered by the FLSA at the enterprise or business level, an enterprise must have at least two employees and annual sales or “business done” of at least \$500,000. Annual sales or business done includes all business activities that can be measured in dollars. Thus, for example, retailers

<sup>1</sup> In addition, the FLSA provides for overtime pay and child labor protections. For a broader overview of the minimum wage, see CRS Report R43089, *The Federal Minimum Wage: In Brief*, by David H. Bradley.

<sup>2</sup> Although the rate has increased 22 separate times, this does not mean that there have been 22 separately enacted laws to increase the minimum wage. In some cases, one law contained multiple increases in the minimum wage rate that were phased in over time.

<sup>3</sup> 29 U.S.C. §206(a). State laws generally cover and exempt similar types of workers as those covered and exempted in the FLSA. While there are some cases in which state laws seem to cover different types or classes of workers than the FLSA, these coverage differentials appear to be relatively minor.

are covered by the FLSA if their annual sales are at least \$500,000.<sup>4</sup> In non-sales cases, a measure other than sales must be used to determine business done. For example, for enterprises engaged in leasing property, gross amounts paid by tenants for property rental will be considered business done for purposes of determining enterprise coverage.

In addition, regardless of the dollar volume of business, the FLSA applies to hospitals or other institutions primarily providing medical or nursing care for residents; schools (preschool through institutions of higher education); and federal, state, and local governments.

Thus, regardless of how enterprise coverage is determined (by business done or by specified institutional type), all employees of a covered enterprise are considered to be covered by the FLSA.

## Individual Coverage

Although an enterprise may not be subject to minimum wage requirements if it has less than \$500,000 in annual sales or business done, employees of the enterprise may be covered if they are individually engaged in interstate commerce or in the production of goods for interstate commerce. To be engaged in interstate commerce—the definition of which is fairly broad—employees must produce goods (or have indirect input to the production of those goods) that will be shipped out of the state of production, travel to other states for work, make phone calls or send emails to persons in other states, handle records that are involved in interstate transactions, or provide services to buildings (e.g., janitorial work) in which goods are produced for shipment outside of the state.<sup>5</sup>

While individual coverage is broad under the FLSA, there are also specific exemptions from the federal rate, including individuals with disabilities; youth workers; tipped workers; and executive, administrative, and professional workers, among others.<sup>6</sup>

## Minimum Wage Policies in the States

State policy makers may also choose to set labor standards that are different from federal statutes. The FLSA establishes that if a state enacts minimum wage, overtime, or child labor laws more protective of employees than those provided in the FLSA, then state law applies. In the case of minimum wages, this means FLSA-covered workers are entitled to the higher state minimum wage in those states with rates above the federal minimum. On the other hand, FLSA-covered workers would receive the FLSA minimum wage in states that have set minimum wages lower than the federal rate. Given the generally broad minimum wage coverage of the FLSA, it is likely that most workers in states with minimum wages below the federal rate are covered by the FLSA rate.

In 2016, the range of state minimum wage rates is as follows:

- 29 states and the District of Columbia have enacted minimum wage rates above the federal rate of \$7.25 per hour;

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<sup>4</sup> The \$500,000 threshold refers to the annual gross volume of sales. It is not a measure of net revenue or profits.

<sup>5</sup> U.S. Department of Labor, *Coverage Under the Fair Labor Standards Act*, available at <http://www.dol.gov/whd/regs/compliance/whdfs14.pdf>. (Hereinafter cited as DOL, *Coverage Under the Fair Labor Standards Act*.) These examples are not exhaustive but are meant to illustrate the relatively broad range of activities comprising “interstate commerce.”

<sup>6</sup> DOL provides a series of fact sheets on the various individual minimum wage exemptions in the FLSA. See <http://www.dol.gov/whd/fact-sheets-index.htm> for individual fact sheets.

- 2 states have minimum wage rates below the federal rate;
- 5 states have no state minimum wage requirement; and
- the remaining 14 states have minimum wage rates equal to the federal rate.<sup>7</sup>

In the states with no minimum wage requirements or wages lower than the federal minimum wage, only individuals who are not covered by the FLSA are subject to those lower rates.

The **Appendix** provides detailed information on state minimum wage policy in all 50 states and DC. Specifically, it includes each state's rate; the year and method of enactment; the mechanism, if any, used to adjust the minimum wage; the legislation authorizing the state minimum wage; and the relevant legislative language regarding the rate and mechanism of adjustment.

The remainder of this report focuses on states with minimum wages above the federal rate.

## Rates and Mechanisms of Adjustment

In states with minimum wage rates above the federal rate, variation occurs mainly across two dimensions: the rate and the mechanism of adjustment to the rate. This section (including data in **Table 1**) summarizes these two dimensions for the states with rates currently above the federal minimum. State rates range from \$0.25 to \$4.25 above the federal rate, with a majority of these states using some sort of inflation measure to index the state minimum wage.

### Rates

In the 29 states and DC with minimum wage rates above the federal rate in 2016, minimum hourly rates range from \$7.50 per hour in Maine and New Mexico to \$10.00 per hour in California and Massachusetts and \$11.50 in the District of Columbia. Of the states with minimum wage rates above \$7.25:

- 11 states have minimum wages within \$1 of the federal rate of \$7.25 per hour;
- 10 states have rates between \$1.00 and \$2.00 per hour above the federal rate; and
- 8 states and DC have rates greater than \$2.00 per hour above the federal rate (i.e., \$9.26 or higher).

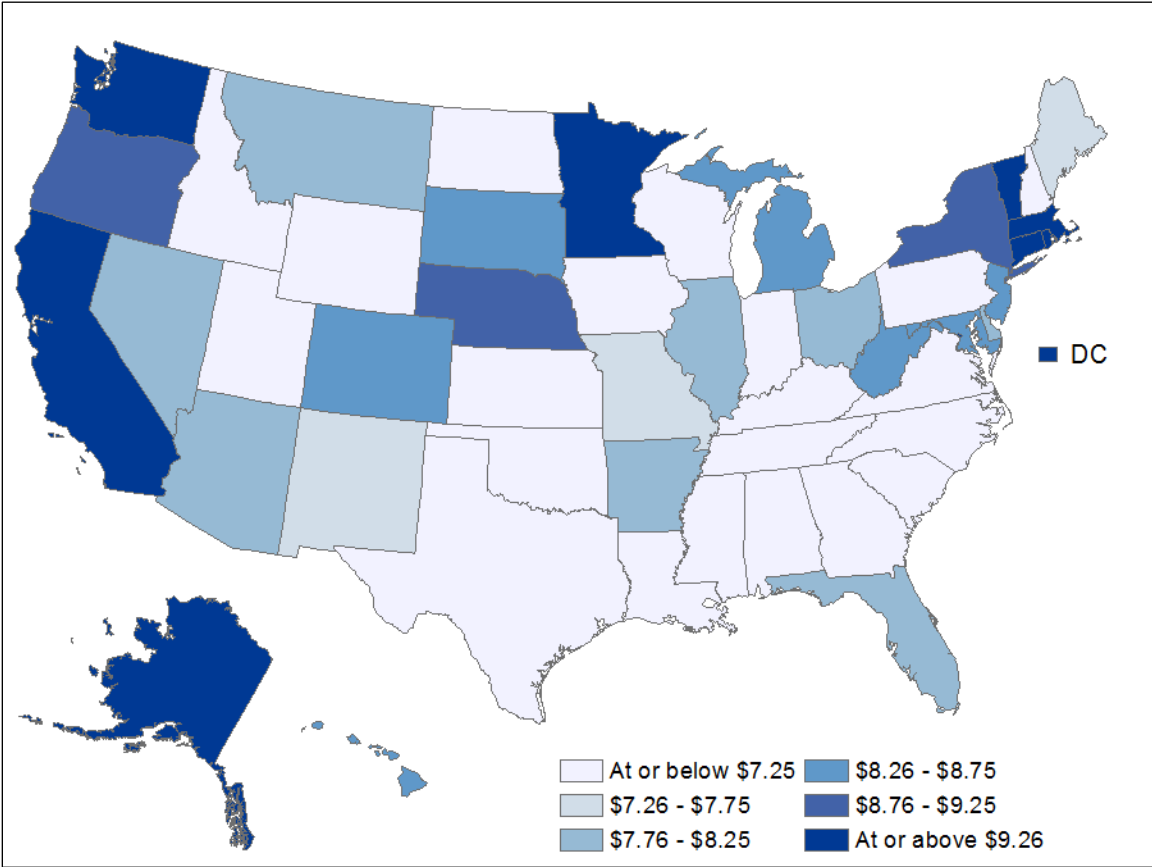
**Figure 1** shows the geographic and rate dispersion of state minimum wages. In terms of coverage, a majority of the civilian labor force is in states with a minimum wage rate above the federal rate of \$7.25. Specifically, the 29 states and DC with minimum wage rates above \$7.25 represent about 61% of the total civilian labor force, which means the federal rate is the wage floor in states representing 39% of the labor force.<sup>8</sup>

<sup>7</sup> U.S. Department of Labor, Wage and Hour Division, Minimum Wage Laws in the States, <http://www.dol.gov/whd/minwage/america.htm> and state websites. See the **Appendix** for details and sources.

<sup>8</sup> This figure is derived from the civilian labor force estimates from the Bureau of Labor Statistics (BLS) Local Area Unemployment Statistics (LAUS) program. Specifically, the October 2015 seasonally adjusted total civilian labor force in each state was totaled for the 29 states and DC with a minimum wage higher than the federal minimum wage. This total was then divided by the October 2015 seasonally adjusted civilian labor force for all states and DC.



### Figure 1. State Minimum Wage Rates



**Source:** CRS analysis of U.S. Department of Labor data.

**Notes:** Rates in **Figure 1** are either currently in effect or are scheduled to be at some point in 2016.

## Mechanisms for Future Adjustments

In any given year, the exact number of states with a minimum wage rate above the federal rate may vary, depending on what mechanism is in place to adjust the state minimum wage. Some states specifically set rates above the federal rate. Other states have rates above the federal minimum wage because the state minimum wage rate is indexed to a measure of inflation or is increased in legislatively scheduled increments, and thus the state rate changes even if the federal minimum wage stays unchanged.

Below are the two main approaches to regulating the adjustment of state minimum wage rates in states with rates above the federal minimum: legislatively scheduled increases and indexing to inflation.<sup>9</sup> In this section states are counted by the primary method of adjustment. While most states use only one of these methods, some states combine a series of scheduled increases

<sup>9</sup> States may also not provide any mechanism for future minimum wage changes. Of the 29 states and DC with minimum wages above the federal rate in 2016, 9—California, Delaware, Illinois, Maine, Nebraska, New Mexico, New York, Rhode Island, and West Virginia—currently do not provide a mechanism for a future rate adjustment beyond 2016. **Table A-1** provides details.

followed by indexing the state rate to a measure of inflation. In these cases, states are counted as “indexing to inflation,” as that is the long-term mechanism of adjustment in place.

### **Legislatively Scheduled Increases**

If a state adopts a minimum wage higher than the federal rate, the state legislature may specify a single rate in the enacting legislation and then choose not to address future rates. In these cases, the only mechanism for future rate changes is future legislative action. Alternatively, a state may specify future rates in legislation through a given date. New York, for example, set a rate of \$8.00 per hour in 2014, \$8.75 in 2015, and \$9.00 in 2016. After the final increase, the rate will remain at \$9.00 per hour until further legislative action. This is the same approach taken in the most recent federal minimum wage increase (P.L. 110-28), which increased the minimum wage from \$5.15 an hour in 2007 to \$7.25 per hour in 2009 in three phases. Of the 29 states and DC with minimum wage rates above the federal rate, 9 currently have no scheduled increases beyond 2016, while 5 states have legislatively scheduled rate increases after 2016.<sup>10</sup>

### **Indexing to Inflation**

If a minimum wage rate is established as a fixed amount and not increased, its value will erode over time due to inflation. For this reason, several states have attempted to maintain the value of the minimum wage over time by indexing the rate to some measure of inflation. This mechanism provides for automatic changes in the minimum wage over time and does not require legislative action to make annual adjustments.

A total of 15 states and DC currently, or will in a future year, index state minimum wage rates to a measure of inflation. Specifically,

- six states—Arizona, Montana, Nevada, Oregon, South Dakota, and Vermont—index the state minimum wage to the national Consumer Price Index for All Urban Consumers (CPI-U);
- four states—Missouri, New Jersey, Ohio, and Washington—index the state minimum wage to the national Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W);<sup>11</sup>
- three states—Alaska, Colorado, and Michigan—and DC use a sub-national version of the CPI-U to index the state minimum wage;
- one state (Florida) uses a regional version of the CPI-W to index the minimum wage; and
- one state (Minnesota) uses the Implicit Price Deflator (IPD) for personal consumption expenditures to index the minimum wage.

It is notable that of the 11 states with inflation indexation in place as of 2016, only 2—Colorado and South Dakota—had adjustments to their minimum wage rates from 2015 to 2016. The other states either had no change in inflation or not enough to trigger an increase (e.g., some states require increases to be rounded to the nearest \$0.05, which could result in no rate increase despite a low level of inflation).

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<sup>10</sup> This total does not include states that have scheduled increases, followed by indexation to a measure of inflation in future years. It only includes states that solely use legislatively scheduled increases.

<sup>11</sup> For additional information about CPI, see <http://www.bls.gov/cpi/cpiovrw.htm>.

## Reference to the Federal Rate

While scheduled increases and indexation are the two main ways that states adjust their minimum wage rates, a few states also add a reference to the federal minimum wage rate as a possible mechanism of adjustment. Thus any time the federal rate changes, the state rate may change.<sup>12</sup> Currently, Alaska, Connecticut, DC, and Massachusetts use this federal reference to supplement their primary mechanisms of adjusting state minimum wage rates.

- In Alaska, beginning in 2017, the state minimum wage rate will be indexed to the CPI-U for Anchorage Metropolitan Statistical Area. However, Alaska state law requires that the state minimum wage must be at least \$1.00 per hour higher than the federal rate. So it is possible that a federal wage increase could trigger an increase in the Alaska minimum wage but the main mechanism is indexation to inflation.
- Although Connecticut law includes scheduled rate increases in the minimum wage through 2017, Connecticut state law requires that the state rate must exceed the federal minimum wage rate by 0.5% if the federal rate becomes greater than or equal to the state rate.
- Until 2017, DC's minimum wage rate is the higher of the level required by DC statute or the federal rate plus \$1.00. Starting in 2017, the DC minimum wage will be indexed to inflation and the reference to the federal rate will no longer be in effect.
- While Massachusetts law includes scheduled rate increases in the minimum wage through 2017, the law also requires that the state rate must be at least \$0.50 above federal minimum wage rate.

**Table 1. Summary of States with Enacted Minimum Wage Rates Above \$7.25**

As of January 1, 2016 (unless noted)

State	Rate	Adjustment Mechanism	Next Adjustment
Alaska	\$9.75	Inflation	1-1-17 (CPI-U)
Arizona	\$8.05	Inflation	1-1-17 (CPI-U)
Arkansas	\$8.00	Scheduled	1-1-17 (\$8.50)
California	\$10.00	Scheduled	None
Colorado	\$8.31	Inflation	1-1-17 (CPI-U)
Connecticut	\$9.60	Scheduled	1-1-17 (\$10.10)
Delaware	\$8.25	Scheduled	None
District of Columbia <sup>a</sup>	\$11.50	Inflation	7-1-17 (CPI-U)
Florida	\$8.05	Inflation	1-1-17 (CPI-W)
Hawaii	\$8.50	Scheduled	1-1-17 (\$9.25)
Illinois	\$8.25	Scheduled	None

<sup>12</sup> The mechanisms discussed here use the federal rate plus an add-on to set a state rate above the federal rate. Many states set the state rate to the federal rate, so that the state rate automatically changes when the federal rate changes.

State	Rate	Adjustment Mechanism	Next Adjustment
Maine	\$7.50	Scheduled	None
Maryland <sup>b</sup>	\$8.75	Scheduled	7-1-17 (\$9.25)
Massachusetts	\$10.00	Scheduled	1-1-17 (\$11.00)
Michigan <sup>c</sup>	\$8.50	Inflation	1-1-17 (\$8.90)
Minnesota <sup>d</sup>	\$9.50	Inflation	1-1-18 (IPD)
Missouri	\$7.65	Inflation	1-1-17 (CPI-W)
Montana	\$8.05	Inflation	1-1-17 (CPI-U)
Nebraska	\$9.00	Scheduled	None
Nevada <sup>e</sup>	\$8.25	Inflation	7-1-16 (CPI-U)
New Jersey	\$8.38	Inflation	1-1-17 (CPI-W)
New Mexico	\$7.50	Scheduled	None
New York	\$9.00	Scheduled	None
Ohio	\$8.10	Inflation	1-1-17 (CPI-W)
Oregon	\$9.25	Inflation	1-1-17 (CPI-U)
Rhode Island	\$9.60	Scheduled	None
South Dakota	\$8.55	Inflation	1-1-17 (CPI-U)
Vermont <sup>f</sup>	\$9.60	Inflation	1-1-17 (\$10.00)
Washington	\$9.47	Inflation	1-1-17 (CPI-W)
West Virginia	\$8.75	Scheduled	None

**Source:** Minimum wage rates are from U.S. Dept. of Labor, <http://www.dol.gov/whd/minwage/america.htm> and state web sites; Adjustment mechanisms are from state web sites and National Conference of State Legislatures, <http://www.ncsl.org/research/labor-and-employment/state-minimum-wage-chart.aspx>.

**Notes:** In the “Adjustment Mechanism” column, “Inflation” means the state rate is indexed to some measure of inflation and “Scheduled” means that past or future increases have been or are currently scheduled through existing legislation.

- The minimum wage in DC is \$10.50 per hour through June 30, 2016. The new rate in DC is scheduled to go into effect July 1, 2016.
- The minimum wage in Maryland is \$8.25 per hour through June 30, 2016. The new rate in Maryland is scheduled to go into effect July 1, 2016.
- Following scheduled increases in 2017 (\$8.90) and 2018 (\$9.25), the state minimum wage in Michigan will be indexed to the CPI-U for the Midwest Region beginning on January 1, 2019.
- The minimum wage for Minnesota in **Table 1** is for large employers, which are defined as enterprises “whose annual gross volume of sales made or business done is not less than \$500,000 (exclusive of excise taxes at the retail level that are separately stated) and covered by the Minnesota Fair Labor Standards Act.” Small employers (defined as enterprises “whose annual gross volume of sales made or business done is less than \$500,000”) may pay a minimum wage of \$7.75 per hour. The minimum wage in Minnesota is \$9.00 per hour for large employers and \$7.25 per hour for small employers through July 31, 2016. The new rates of \$9.50 (large employer) and \$7.75 (small employer) are scheduled to go into effect August 1, 2016. Inflation indexing for both rates will go into effect beginning January 1, 2018.
- Nevada maintains a two-tier minimum wage system. The minimum wage for workers who do not receive qualified health benefits from their employer is \$8.25 per hour, while the minimum wage for workers receiving qualified health benefits is \$7.25 per hour. An annual adjustment, if any, occurs on July 1 of each year and is the greater of the amount of increases in the federal minimum wage over \$5.15 or the cumulative inflation since December 31, 2004.

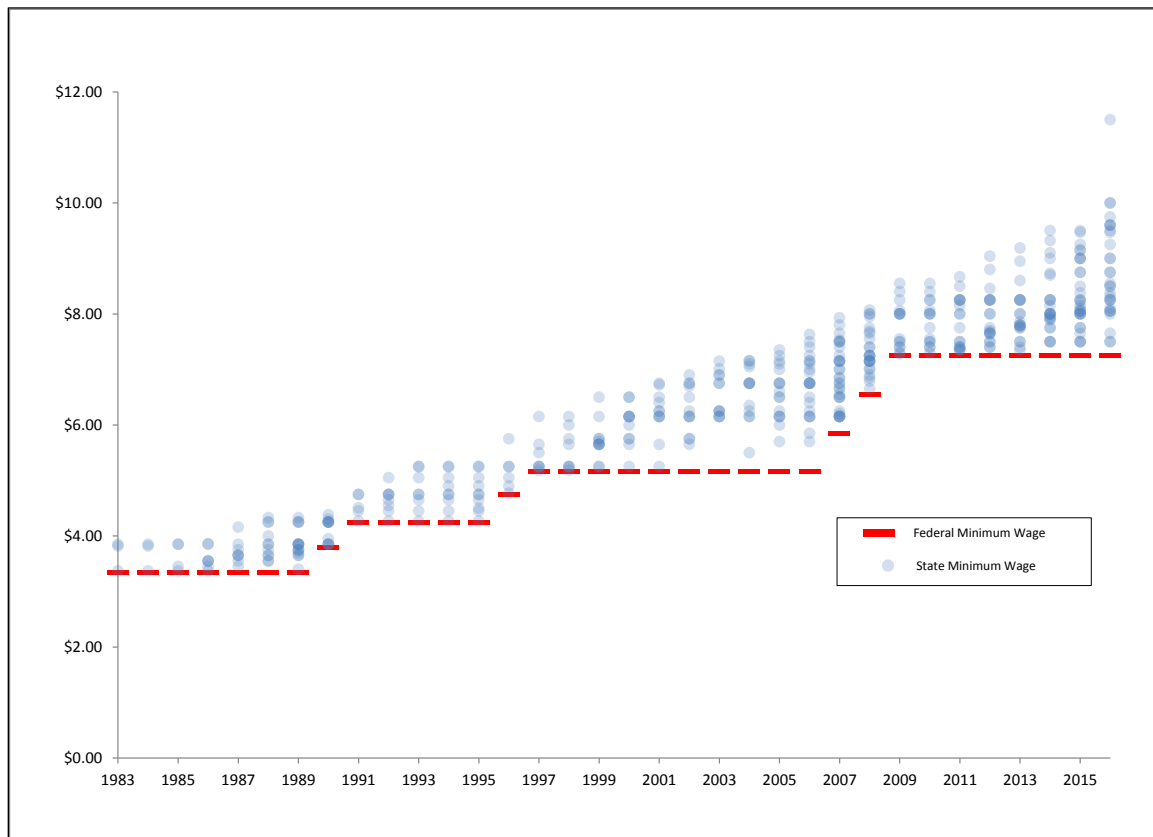
- f. Following scheduled increases in 2017 (\$10.00) and 2018 (\$10.50), the state minimum wage in Vermont will be indexed to the CPI-U beginning on January 1, 2019.

## Trends in State Minimum Wages

Because federal and state minimum wages do not change in regular intervals or by regular increments, the number of states and the share of the labor force covered by higher minimum wages changes annually. In general, during periods in which the federal minimum wage remains constant, more states enact higher minimum wages and the share of the workforce for which the federal rate serves as the floor likewise decreases. When the federal rate increases, some state rates become equal to or less than the federal rate.

**Table 1** presents a snapshot of minimum wage rates in the 50 states and DC in 2016, while **Figure 2** and **Figure 3** show longer term trends in the interaction of state and federal minimum wages. Over time, as shown in **Figure 2**, more states have adopted minimum wages above the federal rate. In addition, the distribution of state wage rates above the federal rate widens the longer the federal rate remains the same. For example, in 2009, after the final step of the previous federal rate increase to \$7.25, 14 states and DC had rates higher than \$7.25, with the highest rate \$1.30 above the federal rate. By 2016, 29 states and DC have rates above the federal rate, with the highest state rate \$2.75 (California and Massachusetts) above the federal rate.

**Figure 2. Distribution of States with Minimum Wages Above the Federal Minimum Wage, 1983-2016**



**Source:** CRS analysis of Tax Policy Center, *State Minimum Wage Rates: 1983-2014*, Washington, DC, <http://www.taxpolicycenter.org/taxfacts/displayafact.cfm?Docid=603>; US Department of Labor, Wage and Hour

Division, *Changes in Basic Minimum Wages in Non-Farm Employment Under State Law: Selected Years 1968-2013*, Washington, DC, <http://www.dol.gov/whd/state/stateMinWageHis.htm>, and Bureau of Labor Statistics, *Monthly Labor Review*, Washington, DC, multiple years.

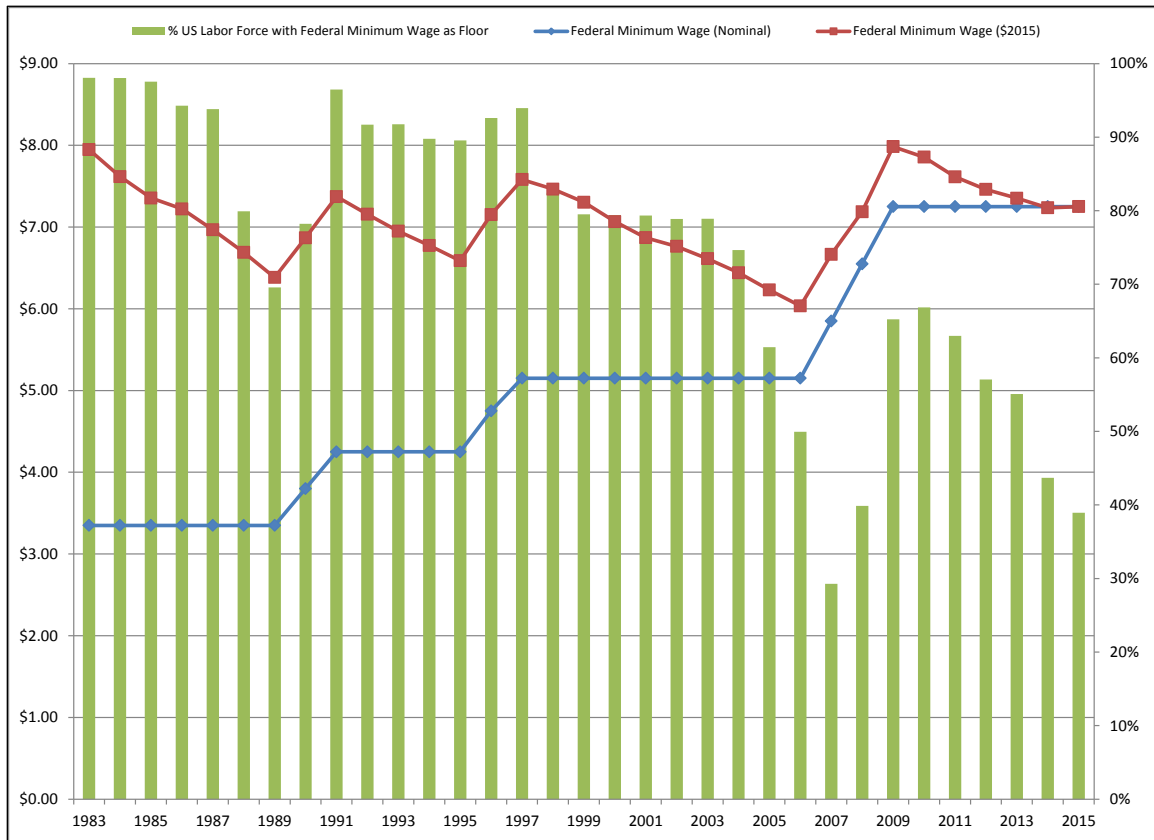
**Figure 3** shows the relationship over time between changes in the federal minimum wage rate and changes in the coverage of the federal minimum wage.<sup>13</sup> Specifically, **Figure 3** plots the nominal and inflation-adjusted value of the federal minimum wage from 1983 to 2015 and the percentage of the civilian labor force residing in states in which the federal wage serves as the floor.<sup>14</sup> If no state had a minimum wage above the federal rate, then the federal minimum wage would be the floor for states in which 100% of the labor force resides; similarly, if every state had a minimum wage above the current rate of \$7.25, then the federal rate would not be binding for the labor force. Instead the interaction of federal and state rates has led to the federal minimum wage becoming a fluctuating, but generally decreasing, wage floor for the civilian labor force, particularly during periods in which the federal rate is not increased.

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<sup>13</sup> Because the prevailing federal minimum wage and state minimum wages go into effect at various points in a given year, the analysis in this section considers the years before and after federal changes have gone into effect. This is because the number of states with higher minimum wages may be different on January 1<sup>st</sup> of a given year than on December 31<sup>st</sup> of that same year. In order to avoid complications of within-year changes, the summaries in this section are based on rate increases that occurred any time during the year (e.g., the federal increase to \$7.25 on July 24, 2009 is reflected as a rate of \$7.25 for all of 2009). In addition, unless otherwise noted in this section, DC is counted as a state for simplicity of presentation.

<sup>14</sup> The federal minimum wage is the floor for “covered workers” (see previous discussion on enterprise and individual coverage) in these states. Generally, the great majority of workers are covered. For those who are not covered, the state minimum wage is likely to be the wage floor.

**Figure 3. The Share of the U.S. Labor Force Residing in States in Which the Federal Minimum Wage is Higher Than the State Minimum Wage**



**Source:** CRS analysis of Tax Policy Center, *State Minimum Wage Rates: 1983-2014*, Washington, DC, <http://www.taxpolicycenter.org/taxfacts/displayafact.cfm?Docid=603>; US Department of Labor, Wage and Hour Division, *Changes in Basic Minimum Wages in Non-Farm Employment Under State Law: Selected Years 1968-2013*, Washington, DC, <http://www.dol.gov/whd/state/stateMinWageHis.htm>, and Bureau of Labor Statistics, *Monthly Labor Review*, Washington, DC, multiple years.

**Notes:** The inflation-adjusted minimum wage is expressed in 2015 dollars based on the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average. For 2015, the semi-annual average is used. Prior to 1993, DC did not have a broad minimum wage covering the general population. Thus for periods prior to 1993, this report uses a weighted average of occupation-specific minimum wages, as reported in David Neumark and Olena Nizalova, *Minimum Wage Effects in the Longer Run*, National Bureau of Economic Research, Working Paper 10656, Cambridge, MA, March 2006, <http://www.nber.org/papers/w10656>. Based on this data, DC has maintained a minimum wage above the federal rate for the entire 1983-2015 period.

Examining the specific time periods around changes in the federal minimum wage, as shown in **Figure 3**, shows a general trend toward a lower share of the labor force being covered by the federal minimum wage only. Federal rate increases in 2007 through 2009 mitigated for a period this reduction, as did earlier changes in the federal rate.

- In the period from 1983 through 1989, the federal minimum wage remained constant at \$3.35 per hour. Prior to the federal increases in 1990 and 1991, the number of states with higher minimum wages rose from 3 in 1984 to 16 in 1989 and the share of the U.S. civilian labor force in states for which the federal rate was the floor fell from 98% to 70%.
- Following a two-step federal increase in 1990 and 1991 from \$3.35 to \$4.25 per hour, the number of states with higher minimum wages fell to 8 in 1992, which

meant that the federal rate was the floor for states comprising 92% of the civilian labor force.

- The next federal minimum wage increase occurred in two steps in 1996 and 1997, increasing from \$4.25 to \$5.15 per hour. Prior to that increase, in 1995, there were 10 states, representing 10% of the civilian labor force, with minimum wages above the federal rate. Immediately following the second increase in 1997, the number of states with higher minimum wages dropped to 8, but the share of the labor force in states for which the federal rate served as a floor decreased to 82%.
- The federal minimum wage did not increase after 1997 until 2007. During much of that period the number of states with higher minimum wages stayed somewhat steady, increasing from 8 (comprising 18% of the civilian labor force) in 1998 to 12 (comprising 21% of the civilian labor force) in 2003. However, by 2006, 22 states representing 50% of the civilian labor force had minimum wage rates above the federal rate. This increase was due in part to a few populous states, such as Florida, Michigan, and New York, adopting minimum wage rates above the federal rate in this period.
- Following the three-step increase in the federal minimum wage from \$5.15 to the current \$7.25 (2007-2009), 15 states, comprising 33% of the civilian labor force, had rates above the federal minimum wage in 2010. By 2015, this rose to 29 states and DC, which means that the federal rate is the wage floor in states representing 39% of the civilian labor force.



## Appendix. Selected Characteristics of State Minimum Wage Policies

For the 29 states and DC with state minimum wage rates above the federal rate as of 2016, **Table 1** and much of the text above summarizes information on those states' minimum wage policies, highlighting minimum wage rates and mechanisms used to establish and adjust wage rates. As discussed previously, for those states with current or scheduled minimum wages above the federal rate, three main mechanisms are in place to adjust future rates: (1) scheduled increases, (2) indexation to inflation, or (3) reference to the federal rate plus an add-on (i.e., a state minimum wage is a percentage or dollar amount above the federal rate). For the 21 states with minimum wage rates equal to or below the federal rate, however, there are no mechanisms in place to move rates above the federal rate. Thus, the main difference within this group of states is the relationship of the state rate, if any, to the federal rate.

For those 21 states with minimum wages equal to or below the federal rate, the state rate may be set in four ways:<sup>15</sup>

- No state minimum wage provisions: In five states—Alabama, Louisiana, Mississippi, South Carolina, and Tennessee—there are no provisions for state minimum wage rates. In practice, this means that most workers in these states are covered by the FLSA minimum wage provisions since coverage is generally broad.
- State minimum wage provisions with no reference to the FLSA: Five states have state minimum wage rates but do not reference the FLSA. Two of these states—Georgia and Wyoming—have state rates below \$7.25, while three of these states—Kansas, North Dakota, and Wisconsin—have rates equal to \$7.25. However, because there is no reference to the FLSA rate or other provision for adjustment in any of these states, the state rate does not change unless the state policy is changed.
- State minimum wage equals the FLSA rate: Six states—Idaho, Indiana, New Hampshire, Oklahoma, Texas, and Virginia—set the state rate equal to the FLSA rate. Thus, when the FLSA rate changes, the state rates in these six states change to equal the FLSA rate.
- State minimum wage equals FLSA rate if FLSA is greater: In four states—Iowa, Kentucky, North Carolina, and Pennsylvania—the state rate is specified separately but includes a provision to equal the FLSA rate if the latter is above the state specified rate.

**Table A-1** provides detailed information about minimum wage policies in the 50 states and DC, including those summarized in a more concise manner in **Table 1**.

<sup>15</sup> Utah does not fit entirely into any of the four categories. Utah state law authorizes the Utah Labor Commissioner to set the state rate but prohibits the commissioner from setting a rate higher than the FLSA rate.

**Table A-1. Selected State Minimum Wage Policies**

As of January 1, 2016 (unless otherwise noted)

State	State Minimum Wage Rate	Year Established / Year Effective <sup>a</sup>	Mechanism of Setting State Rate	Mechanism for Future Adjustments	State Legislation or Policy Citation	Pertinent Language and Notes
Alabama	None	n/a	None	None	No state minimum wage law	n/a
Alaska	\$9.75	2014 / 2016	State specified rate of \$9.75 on January 1, 2016.	Scheduled increases:  Beginning January 2017, annual adjustment to be made based on CPI-U for Anchorage Metropolitan Area.  In any case, the Alaska minimum wage must be at least \$1 above the federal minimum wage.	Alaska Ballot Measure 3 Alaska Statute 23.10.065	Section 3. AS 23.10.065(a) is repealed and reenacted to read: “(a) Except as otherwise provided for in law, an employer shall pay to each employee a minimum wage, as established herein, for hours worked in a pay period, whether the work is measured by time, piece, commission or otherwise. An employer may not apply tips or gratuities bestowed upon employees as a credit toward payment of the minimum hourly wage required by this section. Tip credit as defined by the Fair Labor Standards Act of 1938 as amendment does not apply to the minimum wage established by this section. Beginning with the passage of this Act, the minimum wage shall be \$8.75 per hour effective January 1, 2015, \$9.75 per hour effective January 1, 2016 and thereafter adjusted annually for inflation. The adjustment shall be calculated each September 30, for the proceeding January-December calendar year, by the Alaska Department of Labor and Workforce Development, using 100 percent of the rate of inflation based on the Consumer Price Index for all urban consumers for the Anchorage metropolitan area, compiled by the Bureau of Labor Statistics, United States Department of Labor; the department shall round the adjusted minimum hourly wage up to the nearest one cent; the adjusted minimum hourly wage shall apply to work performed beginning on January 1 through December 31 of the year for which it is effective. Section 4. If the minimum wage determined under Section 3 is less than one dollar over the federal minimum wage, the Alaska minimum wage shall be set at one dollar over the federal minimum wage. This amount shall be adjusted in subsequent years by the method established in Section 3.”

State	State Minimum Wage Rate	Year Established / Year Effective <sup>a</sup>	Mechanism of Setting State Rate	Mechanism for Future Adjustments	State Legislation or Policy Citation	Pertinent Language and Notes
Arizona	\$8.05	2006 / 2016	State specified rate of \$6.75 on January 1, 2007, followed by adjustment on January 1, 2008, and each successive January 1.	Inflation: Indexed to CPI-U, U.S. City Average as of January 1, 2008.	Arizona Revised Statutes, 23-363	"The minimum wage shall be increased on January 1, 2008 and on January 1 of successive years by the increase in the cost of living. The increase in the cost of living shall be measured by the percentage increase as of August of the immediately preceding year over the level as of August of the previous year of the consumer price index (all urban consumers, U.S. city average for all items) or its successor index as published by the U.S. department of labor or its successor agency, with the amount of the minimum wage increase rounded to the nearest multiple of five cents."
Arkansas	\$8.00	2014 / 2016	State specified rate of \$8.00 on January 1, 2016.	Scheduled increases: \$8.50 (1-1-17)	Arkansas Code 11-4-210	"Beginning January 1, 2015, every employer shall pay each of his or her employees wages at the rate of not less than seven dollars and fifty cents (\$7.50) per hour, beginning January 1, 2016 the rate of not less than eight dollars (\$8.00) per hour and beginning January 1, 2017 the rate of not less than eight dollars and fifty cents (\$8.50) per hour except as otherwise provided in this subchapter."
California	\$10.00	2013 / 2016	State specified rate of \$10.00 on January 1, 2016.	Scheduled increases: None	California Labor Code 1182.12	"Notwithstanding any other provision of this part, on and after July 1, 2014, the minimum wage for all industries shall be not less than nine dollars (\$9.00) per hour, and on and after January 1, 2016, the minimum wage for all industries shall be not less than ten dollars (\$10.00) per hour."
Colorado	\$8.31	2006 / 2016	State specified rate of \$6.85 on January 1, 2007, followed by adjustment on January 1, 2008, and each successive January 1.	Inflation: Indexed to CPI-U, Denver-Boulder-Greeley Metro Area as of January 1, 2008.	Colorado Constitution, Art. XVIII, Section 15	"Effective January 1, 2007, Colorado's minimum wage shall be increased to \$6.85 per hour and shall be adjusted annually for inflation, as measured by the Consumer Price Index used for Colorado."

State	State Minimum Wage Rate	Year Established / Year Effective <sup>a</sup>	Mechanism of Setting State Rate	Mechanism for Future Adjustments	State Legislation or Policy Citation	Pertinent Language and Notes
Connecticut	\$9.60	2013 / 2016	State specified rate of \$8.70 on January 1, 2014, followed by scheduled increases.	Scheduled increases: \$10.10 (1-1-17) State rate must exceed federal minimum wage rate by 0.5% if the federal rate becomes greater than or equal to the state rate.	Connecticut State Statutes Section 31-58	“Effective January 1, 2014, not less than eight dollars and seventy cents per hour, and effective January 1, 2015, not less than nine dollars and fifteen cents per hour, and effective January 1, 2016, not less than nine dollars and sixty cents per hour, and effective January 1, 2017, not less than ten dollars and ten cents per hour or one-half of one per cent rounded to the nearest whole cent more than the highest federal minimum wage, whichever is greater.”
Delaware	\$8.25	2014 / 2015	State specified rate of 8.25 on June 1, 2015.	Scheduled increases: None State rate must match federal minimum wage rate if the latter is greater.	Delaware Code Title 19-902	“(a) Except as may otherwise be provided under this chapter, every employer shall pay to every employee in any occupation wages of a rate: (1) Not less than \$ 7.75 per hour effective June 1, 2014; and (2) Not less than \$ 8.25 per hour effective June 1, 2015. Upon the establishment of a federal minimum wage in excess of the state minimum wage, the minimum wage in this State shall be equal in amount to the federal minimum wage, except as may otherwise be provided under this chapter.”

State	State Minimum Wage Rate	Year Established / Year Effective <sup>a</sup>	Mechanism of Setting State Rate	Mechanism for Future Adjustments	State Legislation or Policy Citation	Pertinent Language and Notes
DC	\$11.50	2014 / 2016	State specified rate of \$11.50 on July 1, 2016, followed by adjustment on July 1, 2017, and each successive July 1.	Scheduled increases:  Indexed to CPI-U, Washington Metro Area as of July 1, 2017.  Note: Until July 1, 2017, the minimum wage is the greater of the scheduled increases or the FLSA rate plus \$1.	D.C. Code Section 32-1003	<p>“(3) Except as provided in subsection (h) of this section, as of July 1, 2014, the minimum wage required to be paid to any employee by any employer in the District of Columbia shall be \$ 9.50 an hour, or the minimum wage set by the United States government pursuant to the Fair Labor Standards Act, plus \$1, whichever is greater.</p> <p>(4) Except as provided in subsection (h) of this section, as of July 1, 2015, the minimum wage required to be paid to any employee by any employer in the District of Columbia shall be \$ 10.50 an hour, or the minimum wage set by the United States government pursuant to the Fair Labor Standards Act, plus \$1, whichever is greater.</p> <p>(5) Except as provided in subsection (h) of this section, as of July 1, 2016, the minimum wage required to be paid to any employee by any employer in the District of Columbia shall be \$11.50 an hour, or the minimum wage set by the United States government pursuant to the Fair Labor Standards Act, plus \$1, whichever is greater.</p> <p>(6) (A) Except as provided in subsection (h) of this section, beginning on July 1, 2017 and no later than July 1 of each successive year, the minimum wage provided in this subsection shall be increased in proportion to the annual average increase, if any, in the Consumer Price Index for All Urban Consumers in the Washington Metropolitan Statistical Area published by the Bureau of Labor Statistics of the United States Department of Labor for the previous calendar year. Any increase under this paragraph shall be adjusted to the nearest multiple of \$.05.”</p>
Florida <sup>b</sup>	\$8.05	2004; 2005 / 2016	State specified rate of \$6.15 on May 2, 2005, followed by adjustment on January 1, 2006, and each successive January 1.	Inflation:  Indexed to CPI-W, South Region as of January 1, 2006.	Florida Labor Statute 448-110 (4)(a)	<p>“Beginning September 30, 2005, and annually on September 30 thereafter, the Department of Economic Opportunity shall calculate an adjusted state minimum wage rate by increasing the state minimum wage by the rate of inflation for the 12 months prior to September 1. In calculating the adjusted state minimum wage, the Department of Economic Opportunity shall use the Consumer Price Index for Urban Wage Earners and Clerical Workers, not seasonally adjusted, for the South Region or a successor index as calculated by the United States Department of Labor. Each adjusted state minimum wage rate shall take effect on the following January 1, with the initial adjusted minimum wage rate to take effect on January 1, 2006.”</p>

State	State Minimum Wage Rate	Year Established / Year Effective <sup>a</sup>	Mechanism of Setting State Rate	Mechanism for Future Adjustments	State Legislation or Policy Citation	Pertinent Language and Notes
Georgia	\$5.15	2001 / 2001	State specified rate of \$5.15 in 2001,	None	Georgia Code 34-4-3	“(a) Except as otherwise provided in this Code section, every employer, whether a person, firm, or corporation, shall pay to all covered employees a minimum wage which shall be not less than \$5.15 per hour for each hour worked in the employment of such employer.”
Hawaii	\$8.50	2014 / 2016	State specified rate of \$8.50 on January 1, 2016.	Scheduled increases: \$9.25 (1-1-17) \$10.10 (1-1-18)	Hawaii Revised Statutes 387-2	“(a) Except as provided in section 387-9 and this section, every employer shall pay to each employee employed by the employer, wages at the rate of not less than: (1) \$6.25 per hour beginning January 1, 2003; (2) \$6.75 per hour beginning January 1, 2006; (3) \$7.25 per hour beginning January 1, 2007; (4) \$7.75 per hour beginning January 1, 2015; (5) \$8.50 per hour beginning January 1, 2016; (6) \$9.25 per hour beginning January 1, 2017; and (7) \$10.10 per hour beginning January 1, 2018.”  Note: This is language from legislation signed into law in May 2014, but a 2005 law had already set the state minimum wage at \$7.25, effective 1-1-07.
Idaho	\$7.25	2007 / 2009	State specified rate of \$5.15 on September 1, 1997, thereafter equaling the FLSA rate.	Next FLSA minimum wage rate change.	Idaho Statutes 44-1502	“Except as hereinafter otherwise provided, no employer shall pay to any of his employees any wages computed at a rate of less than four dollars and seventy-five cents (\$4.75) commencing April 1, 1997, and five dollars and fifteen cents (\$5.15) commencing September 1, 1997, per hour for employment. The amount of the minimum wage shall conform to, and track with, the federal minimum wage.”
Illinois	\$8.25	2006 / 2010	State specified rate of \$8.25 on July 1, 2010.	None	Illinois Compiled Statutes 820-105/4	“On and after July 1, 2010 every employer shall pay to each of his or her employees who is 18 years of age or older in every occupation wages of not less than \$8.25 per hour.”

State	State Minimum Wage Rate	Year Established / Year Effective <sup>a</sup>	Mechanism of Setting State Rate	Mechanism for Future Adjustments	State Legislation or Policy Citation	Pertinent Language and Notes
Indiana	\$7.25	2007 / 2009	State specified rate equal to FLSA rate on July 1, 2007, thereafter equaling the FLSA rate.	Next FLSA minimum wage rate change.	Indiana Code 22-2-2-1	“(h) Except as provided in subsections (c) and (j), every employer employing at least two (2) employees during a work week shall, in any work week in which the employer is subject to this chapter, pay each of the employees in any work week beginning on or after June 30, 2007, wages of not less than the minimum wage payable under the federal Fair Labor Standards Act of 1938, as amended (29 U.S.C. 201 et seq.).”
Iowa	\$7.25	2007 / 2008	State specified rate of \$7.25 on January 1, 2008.	State rate must match federal minimum wage rate if the latter is greater.	Iowa Code 91D.1	<p>“1. a. The state hourly wage shall be at least \$6.20 as of April 1, 2007, and \$7.25 as of January 1, 2008.</p> <p>b. Every employer, as defined in the federal Fair Labor Standards Act of 1938, as amended to January 1, 2007, shall pay to each of the employer's employees, as defined in the federal Fair Labor Standards Act of 1938, as amended to January 1, 2007, the state hourly wage stated in paragraph "a", or the current federal minimum wage, pursuant to 29 U.S.C. § 206, as amended, whichever is greater.”</p>
Kansas	\$7.25	2009 / 2010	State specified rate of \$7.25 on January 1, 2010.	None	Kansas Statute 44-1203	<p>“Except as otherwise provided in the minimum wage and maximum hours law, every employer shall pay to each employee wages at a rate as follows:</p> <p>(1) Prior to January 1, 2010, employee wages shall be paid at a rate of not less than \$2.65 an hour; and</p> <p>(2) on and after January 1, 2010, employee wages shall be paid at a rate of not less than \$7.25 an hour.”</p>
Kentucky	\$7.25	2007 / 2009	State specified rate of \$7.25 on July 1, 2009.	State rate must match federal minimum wage rate if the latter is greater.	Kentucky Revised Code 337.275	“Except as may otherwise be provided by this chapter, every employer shall pay to each of his employees wages at a rate of not less than five dollars and eighty-five cents (\$5.85) an hour beginning on June 26, 2007, not less than six dollars and fifty-five cents (\$6.55) an hour beginning July 1, 2008, and not less than seven dollars and twenty-five cents (\$7.25) an hour beginning July 1, 2009. If the federal minimum hourly wage as prescribed by 29 U.S.C. sec. 206(a)(1) is increased in excess of the minimum hourly wage in effect under this subsection, the minimum hourly wage under this subsection shall be increased to the same amount, effective on the same date as the federal minimum hourly wage rate.”
Louisiana	None	n/a	None	None	No state minimum wage law	

State	State Minimum Wage Rate	Year Established / Year Effective <sup>a</sup>	Mechanism of Setting State Rate	Mechanism for Future Adjustments	State Legislation or Policy Citation	Pertinent Language and Notes
Maine	\$7.50	2007 / 2009	State specified rate of \$7.50 on October 1, 2009.	State rate must match federal minimum wage rate if the latter is greater, but only up to \$1 above the state rate.	Maine Revised Statutes 26, Section 664 (1)	“Starting October 1, 2009, the minimum hourly wage is \$7.50 per hour. If the highest federal minimum wage is increased in excess of the minimum wage in effect under this section, the minimum wage under this section is increased to the same amount, effective on the same date as the increase in the federal minimum wage, but in no case may the minimum wage exceed the minimum wage otherwise in effect under this section by more than \$1 per hour.”
Maryland	\$8.75	2014 / 2016	State specified rate of \$8.75 on July 1, 2016.	<p>Scheduled increases:</p> <p>\$9.25 (7-1-17)</p> <p>\$10.10 (7-1-18)</p> <p>State rate must match federal minimum wage if the latter is greater.</p>	Maryland Labor and Employment Code 3-413	<p>“(b) In general.—Except as provided in subsection (d) of this section and § 3-414 of this subtitle, each employer shall pay:</p> <p>(1) to each employee who is subject to both the federal Act and this subtitle, at least the greater of:</p> <p>(i) the minimum wage for that employee under the federal Act; or</p> <p>(ii) the State minimum wage rate set under subsection (c) of this section; and</p> <p>(2) each other employee who is subject to this subtitle, at least:</p> <p>(i) the greater of:</p> <p>1. the highest minimum wage under the federal Act; or</p> <p>2. the State minimum wage rate set under subsection (c) of this section; or</p> <p>(ii) a training wage under regulations that the Commissioner adopts that include the conditions and limitations authorized under the federal Fair Labor Standards Amendments of 1989.</p> <p>(c) State minimum wage.—The State minimum wage rate is:</p> <p>(1) for the 6-month period beginning January 1, 2015, \$8.00 per hour;</p> <p>(2) for the 12-month period beginning July 1, 2015, \$8.25 per hour;</p> <p>(3) for the 12-month period beginning July 1, 2016, \$8.75 per hour;</p> <p>(4) for the 12-month period beginning July 1, 2017, \$9.25 per hour; and</p> <p>(5) beginning July 1, 2018, \$10.10 per hour.”</p> <p>Note: This is language from legislation signed into law in May 2014, but a 2005 law had already set the state minimum wage at \$7.25, effective 1-1-07.</p>



State	State Minimum Wage Rate	Year Established / Year Effective <sup>a</sup>	Mechanism of Setting State Rate	Mechanism for Future Adjustments	State Legislation or Policy Citation	Pertinent Language and Notes
Massachusetts	\$10.00	2014 / 2016	State specified rate of \$10.00 on January 1, 2016, subject to a minimum of \$0.50 higher than the FLSA rate.	Scheduled increases: \$11.00 (1-1-17)  State rate must be at least \$0.50 above federal minimum wage rate.	Massachusetts General Laws Chapter 151, Section 1	"A wage of less than \$9.00 per hour, in any occupation, as defined in this chapter, shall conclusively be presumed to be oppressive and unreasonable ... Notwithstanding the provisions of this section, in no case shall the minimum wage rate be less than \$.50 higher than the effective federal minimum rate."
Michigan	\$8.50	2014 / 2016	State specified rate of \$8.50 on January 1, 2016.	Scheduled increases: \$8.90 (1-1-17) \$9.25 (1-1-18)  Beginning January 2019, annual adjustment to be made based on CPI-U for Midwest region. This annual adjustment is limited to 3.5% increase and does not take effect if the state unemployment rate in the prior year was 8.5% or greater.	Michigan Compiled Laws 408.414	<p>"Sec. 4. (1) Subject to the exceptions specified in this act, the minimum hourly wage rate is:</p> <ul style="list-style-type: none"> <li>(a) Before September 1, 2014, \$ 7.40.</li> <li>(b) Beginning September 1, 2014, \$ 8.15.</li> <li>(c) Beginning January 1, 2016, \$ 8.50.</li> <li>(d) Beginning January 1, 2017, \$ 8.90.</li> <li>(e) Beginning January 1, 2018, \$ 9.25.</li> </ul> <p>(2) Every January beginning in January 2019, the state treasurer shall adjust the minimum wage by an amount determined by the state treasurer at the end of the preceding calendar year to reflect the average annual percentage change in the consumer price index for the most recent 5-year period for which data are available. As used in this subsection, "consumer price index" means the most comprehensive index of consumer prices available for the midwest region from the bureau of labor statistics of the United States department of labor. The wage and hours division of the department of licensing and regulatory affairs shall post the adjusted minimum wage on its website by February 1 of the year it is calculated, and the adjusted rate is effective beginning April 1 of that year. An annual increase under this subsection shall not exceed 3.5%.</p> <p>(3) An increase in the minimum hourly wage rate as prescribed in subsection (2) does not take effect if the unemployment rate determined by the bureau of labor statistics, United States department of labor, for this state is 8.5% or greater for the year preceding the year of the prescribed increase."</p>

State	State Minimum Wage Rate	Year Established / Year Effective <sup>a</sup>	Mechanism of Setting State Rate	Mechanism for Future Adjustments	State Legislation or Policy Citation	Pertinent Language and Notes
Minnesota	\$9.50 <sup>c</sup>	2014 / 2016	State specified rate of \$9.50 on August 1, 2016.	Scheduled increases:  Beginning 1-1-18, minimum wage rate will be annually adjusted to lesser of inflation (implicit price deflator) or 2.5%.	Minnesota Statutes 177.24	“(1) every large employer must pay each employee wages at a rate of at least:  (i) \$ 8.00 per hour beginning August 1, 2014; (ii) \$ 9.00 per hour beginning August 1, 2015; (iii) \$ 9.50 per hour beginning August 1, 2016; and (iv) the rate established under paragraph (f) beginning January 1, 2018;  (f) No later than August 31 of each year, beginning in 2017, the commissioner shall determine the percentage increase in the rate of inflation, as measured by the implicit price deflator, national data for personal consumption expenditures as determined by the United States Department of Commerce, Bureau of Economic Analysis during the 12-month period immediately preceding that August or, if that data is unavailable, during the most recent 12-month period for which data is available. The minimum wage rates in paragraphs (b), (c), (d), and (e) are increased by the lesser of: (1) 2.5 percent, rounded to the nearest cent; or (2) the percentage calculated by the commissioner, rounded to the nearest cent. A minimum wage rate shall not be reduced under this paragraph. The new minimum wage rates determined under this paragraph take effect on the next January 1.”
Mississippi	None	n/a	None	None	No state minimum wage law	n/a
Missouri	\$7.65	2006 / 2016	State specified rate of \$6.50 on January 1, 2007, followed by adjustment on January 1, 2008, and each successive January 1.	Inflation: CPI-W	Missouri Revised Statutes 290.502	“The minimum wage shall be increased or decreased on January 1, 2008, and on January 1 of successive years, by the increase or decrease in the cost of living. On September 30, 2007, and on each September 30 of each successive year, the director shall measure the increase or decrease in the cost of living by the percentage increase or decrease as of the preceding July over the level as of July of the immediately preceding year of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) or successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase or decrease rounded to the nearest five cents.”

State	State Minimum Wage Rate	Year Established / Year Effective <sup>a</sup>	Mechanism of Setting State Rate	Mechanism for Future Adjustments	State Legislation or Policy Citation	Pertinent Language and Notes
Montana	\$8.05	2006 / 2016	State specified rate of higher of \$6.15 or FLSA rate, followed by adjustment on January 1, 2007, and each successive January 1.	Inflation: CPI-U, U.S. City Average	Montana Code Annotated 39-3-409	"No later than September 30 of each year, an adjustment of the wage amount specified in subsection (1) must be made based upon the increase, if any, from August of the preceding year to August of the year in which the calculation is made in the consumer price index, U.S. city average, all urban consumers, for all items, as published by the bureau of labor statistics of the United States department of labor."
Nebraska	\$9.00	2014 / 2016	State specified rate of \$9.00 on January 1, 2016.	Scheduled increases: None	Nebraska Revised Statutes 48-1203	<p>"Except as otherwise provided in this section and section 48-1203.01, every employer shall pay to each of his or her employees a minimum wage of:</p> <p>(a) Seven dollars and twenty-five cents per hour through December 31, 2014;</p> <p>(b) Eight dollars per hour on and after January 1, 2015, through December 31, 2015; and</p> <p>(c) Nine dollars per hour on and after January 1, 2016."</p>
Nevada	\$8.25 <sup>d</sup>	2006 / 2015	State specified rate of \$5.15 (or \$6.15 with no health insurance) in 2006, followed by adjustment on July 1, 2007, and each successive July 1.	<p>Inflation: CPI-U, U.S. City Average.</p> <p>State rate is the greater of \$5.15 (\$6.15) plus the cumulative inflation since 12/31/04 (subject to a maximum annual increase of 3%) or the increases in the federal minimum wage over \$5.15.</p>	Nevada Constitution Article 15 Sect. 16	"Each employer shall pay a wage to each employee of not less than the hourly rates set forth in this section. The rate shall be five dollars and fifteen cents (\$5.15) per hour worked, if the employer provides health benefits as described herein, or six dollars and fifteen cents (\$6.15) per hour if the employer does not provide such benefits. Offering health benefits within the meaning of this section shall consist of making health insurance available to the employee for the employee and the employee's dependents at a total cost to the employee for premiums of not more than 10 percent of the employee's gross taxable income from the employer. These rates of wages shall be adjusted by the amount of increases in the federal minimum wage over \$5.15 per hour, or, if greater, by the cumulative increase in the cost of living. The cost of living increase shall be measured by the percentage increase as of December 31 in any year over the level as of December 31, 2004 of the Consumer Price Index (All Urban Consumers, U.S. City Average) as published by the Bureau of Labor Statistics, U.S. Department of Labor or the successor index or federal agency. No CPI adjustment for any one-year period may be greater than 3%."

State	State Minimum Wage Rate	Year Established / Year Effective <sup>a</sup>	Mechanism of Setting State Rate	Mechanism for Future Adjustments	State Legislation or Policy Citation	Pertinent Language and Notes
New Hampshire	\$7.25	2007 / 2008	State specified rate equal to FLSA rate on July 1, 2007, thereafter equaling the FLSA rate.	Next FLSA minimum wage rate change.	New Hampshire Revised Statutes 279:21	<p>“Unless otherwise provided by statute, no person, firm, or corporation shall employ any employee at an hourly rate lower than that set forth in the federal minimum wage law, as amended.”</p> <p>Note: This is language from the current statute as revised by 2011 legislation, but a 2007 law had already set the state minimum wage at \$7.25.</p>
New Jersey	\$8.38	2013 / 2016	State specified rate of \$8.25 on January 1, 2014, followed by adjustment on each successive January 1.	Inflation: CPI-W  State rate must match federal minimum wage if the latter is greater.	New Jersey Constitution Article I, paragraph 23	<p>“A wage rate of not less than the rate required by that act, or \$8.25 per hour, whichever is more. On the September 30 next following the date of the approval of this amendment, and on September 30 of each subsequent year, the State minimum wage rate shall be increased, effective the following January 1, by any increase during the one year prior to that September 30 in the consumer price index for all urban wage earners and clerical workers (CPI-W) as calculated by the federal government.”</p>
New Mexico	\$7.50	2007 / 2009	State specified rate of \$7.50 on January 1, 2009.	None	New Mexico Statutes 50-4-22	<p>“An employer shall pay an employee the minimum wage rate of six dollars fifty cents (\$ 6.50) an hour. As of January 1, 2009, an employer shall pay the minimum wage rate of seven dollars fifty cents (\$7.50) an hour.”</p>
New York	\$9.00	2013 / 2016	State specified rate of \$9.00 on December 31, 2015.	Scheduled increases: None  State rate must match federal minimum wage rate if the latter is greater.	New York Codes, Rules, and Regulations Title 12, Section 141-1.3	<p>“For all employees except janitors in residential buildings, the basic minimum hourly rate shall be:</p> <p>(c) \$8.00 per hour on and after December 31, 2013;</p> <p>(d) \$8.75 per hour on and after December 31, 2014;</p> <p>(e) \$9.00 per hour on and after December 31, 2015, or, if greater, such other wage as may be established by Federal law pursuant to 29 U.S.C. section 206 or its successors.”</p>
North Carolina	\$7.25	2006 / 2009	State specified rate of higher of \$6.15 or FLSA rate.	State rate must match federal minimum wage rate if the latter is greater.	North Carolina General Statutes 95-25.3	<p>“Every employer shall pay to each employee who in any workweek performs any work, wages of at least six dollars and fifteen cents (\$6.15) per hour or the minimum wage set forth in paragraph 1 of section 6(a) of the Fair Labor Standards Act, 29 U.S.C. 206(a)(1), as that wage may change from time to time, whichever is higher, except as otherwise provided in this section.”</p>

State	State Minimum Wage Rate	Year Established / Year Effective <sup>a</sup>	Mechanism of Setting State Rate	Mechanism for Future Adjustments	State Legislation or Policy Citation	Pertinent Language and Notes
North Dakota	\$7.25	2007 / 2009	State specified rate of \$7.25 on July 24, 2009.	None	North Dakota Code 34-06-22	<p>“Except as otherwise provided under this chapter and rules adopted by the commissioner, every employer shall pay to each of the employer’s employees:</p> <p>a. Effective on the effective date of this section, a wage of at least five dollars and eighty-five cents per hour;</p> <p>b. Effective twelve months after the effective date of this section, a wage of at least six dollars and fifty-five cents per hour; and</p> <p>c. Effective twenty-four months after the effective date of this section, a wage of at least seven dollars and twenty-five cents per hour.”</p>
Ohio	\$8.10	2006 / 2016	State specified rate of \$6.85 on January 1, 2007, followed by adjustment on each successive January 1.	Inflation: CPI-W	Ohio Constitution 2.34a	<p>“On the thirtieth day of each September, beginning in 2007, this state minimum wage rate shall be increased effective the first day of the following January by the rate of inflation for the twelve month period prior to that September according to the consumer price index or its successor index for all urban wage earners and clerical workers for all items as calculated by the federal government rounded to the nearest five cents.”</p>
Oklahoma	\$7.25	1983 / 2009	State specified rate equal to FLSA rate on November 1, 1983, thereafter equaling the FLSA rate.	Next FLSA minimum wage rate change.	Oklahoma Statutes 40-197.2	<p>“Except as otherwise provided in the Oklahoma Minimum Wage Act, no employer within the State of Oklahoma shall pay any employee a wage of less than the current federal minimum wage for all hours worked.”</p>
Oregon	\$9.25	2003 / 2016	State specified rate of \$6.90 on January 1, 2003, followed by adjustment on each successive January 1.	Inflation: CPI-U, U.S. City Average	Oregon Revised Statutes 653.025	<p>“No later than September 30 of each year, beginning in calendar year 2003, the commissioner shall calculate an adjustment of the wage amount specified in subsection (1) of this section based upon the increase (if any) from August of the preceding year to August of the year in which the calculation is made in the U.S. City Average Consumer Price Index for All Urban Consumers for All Items as prepared by the Bureau of Labor Statistics of the United States Department of Labor or its successor.</p> <p>(c) The wage amount established under this subsection shall:</p> <p>(A) Be rounded to the nearest five cents.”</p>

State	State Minimum Wage Rate	Year Established / Year Effective <sup>a</sup>	Mechanism of Setting State Rate	Mechanism for Future Adjustments	State Legislation or Policy Citation	Pertinent Language and Notes
Pennsylvania	\$7.25	2006 / 2009	State specified rate of \$7.15 on July 1, 2007.	State rate must match federal minimum wage rate if the latter is greater.	Pennsylvania Statutes, 43 P.S. §333.104	<p>“Except as may otherwise be provided under this act:</p> <p>(a) Every employer shall pay to each of his or her employees wages for all hours worked at a rate of not less than:</p> <p>(1) Two dollars sixty-five cents (\$2.65) an hour upon the effective date of this amendment.</p> <p>(2) Two dollars ninety cents (\$2.90) an hour during the year beginning January 1, 1979.</p> <p>(3) Three dollars ten cents (\$3.10) an hour during the year beginning January 1, 1980.</p> <p>(4) Three dollars thirty-five cents (\$3.35) an hour after December 31, 1980.</p> <p>(5) Three dollars seventy cents (\$3.70) an hour beginning February 1, 1989, and thereafter.</p> <p>(6) Five dollars fifteen cents (\$5.15) an hour beginning September 1, 1997.</p> <p>(7) Six dollars twenty-five cents (\$6.25) an hour beginning January 1, 2007.</p> <p>(8) Seven dollars fifteen cents (\$7.15) an hour beginning July 1, 2007.</p> <p>(a.1) If the minimum wage set forth in the Fair Labor Standards Act of 1938 (52 Stat. 1060, 29 U.S.C. §201 et seq.) is increased above the minimum wage required under this section, the minimum wage required under this section shall be increased by the same amounts and effective the same date as the increases under the Fair Labor Standards Act, and the provisions of subsection (a) are suspended to the extent they differ from those set forth under the Fair Labor Standards Act.”</p>

State	State Minimum Wage Rate	Year Established / Year Effective <sup>a</sup>	Mechanism of Setting State Rate	Mechanism for Future Adjustments	State Legislation or Policy Citation	Pertinent Language and Notes
Rhode Island	\$9.60	2015 / 2016	State specified rate of \$9.60 on January 1, 2016.	None	Rhode Island General Laws 28-12-3	<p>“(a) Every employer shall pay to each of his or her employees: commencing July 1, 1999, at least the minimum wage of five dollars and sixty five cents (\$5.65) per hour. Commencing September 1, 2000, the minimum wage is six dollars and fifteen cents (\$6.15) per hour.</p> <p>(b) Commencing January 1, 2004, the minimum wage is six dollars and seventy-five cents (\$6.75) per hour.</p> <p>(c) Commencing March 1, 2006, the minimum wage is seven dollars and ten cents (\$7.10) per hour.</p> <p>(d) Commencing January 1, 2007, the minimum wage is seven dollars and forty cents (\$7.40) per hour.</p> <p>(e) Commencing January 1, 2013, the minimum wage is seven dollars and seventy-five cents (\$7.75) per hour.</p> <p>(f) Commencing January 1, 2014, the minimum wage is eight dollars (\$8.00) per hour.</p> <p>(g) Commencing January 1, 2015, the minimum wage is nine dollars (\$9.00) per hour.</p> <p>(h) Commencing January 1, 2016, the minimum wage is nine dollars and sixty cents (\$9.60) per hour.”</p>
South Carolina	None	n/a	None	None	No state minimum wage law	n/a

State	State Minimum Wage Rate	Year Established / Year Effective <sup>a</sup>	Mechanism of Setting State Rate	Mechanism for Future Adjustments	State Legislation or Policy Citation	Pertinent Language and Notes
South Dakota	\$8.55	2014 / 2016	State specified rate of \$8.50 on January 1, 2015, followed by adjustment on each successive January 1.	Inflation: CPI-U, U.S. City Average	South Dakota Code 60-11-3	<p>“Every employer shall pay to each employee wages at a rate of not less than eight dollars and fifty cents an hour.</p> <p>Beginning January 1, 2016, and again on January 1 of each year thereafter, the minimum wage provided by § 60-11-3 shall be adjusted by the increase, if any, in the cost of living. The increase in the cost of living shall be measured by the percentage increase as of August of the immediately preceding year over the level as measured as of August of the previous year of the Consumer Price Index (all urban consumers, U.S. city average for all items) or its successor index as published by the U.S. Department of Labor or its successor agency, with the amount of the minimum wage increase, if any, rounded up to the nearest five cents. In no case shall the minimum wage be decreased. The Secretary of the South Dakota Department of Labor and Regulation or its designee shall publish the adjusted minimum wage rate for the forthcoming year on its internet home page by October 15 of each year, and it shall become effective on January 1 of the forthcoming year.”</p>
Tennessee	None	n/a	None	None	No state minimum wage law	n/a
Texas	\$7.25	2001 / 2009	State specified rate equal to FLSA rate on September 1, 2001, thereafter equaling the FLSA rate.	Next FLSA minimum wage rate change.	Texas Labor Code Annotated 62.051	<p>“Except as provided by Section 62.057, an employer shall pay to each employee the federal minimum wage under Section 6, Fair Labor Standards Act of 1938 (29 U.S.C. Section 206).”</p>



State	State Minimum Wage Rate	Year Established / Year Effective <sup>a</sup>	Mechanism of Setting State Rate	Mechanism for Future Adjustments	State Legislation or Policy Citation	Pertinent Language and Notes
Utah	\$7.25	1990 / 2009	State specified rate of \$3.80 on April 1, 1990.	Utah Labor Commission is authorized to review state minimum wage at any time and must review state minimum wage when FLSA rate is changed. The commission is prohibited from setting a rate above the FLSA rate.	Utah Code Annotated 34-40-103	<p>“Minimum wage—Commission to review and modify minimum wage.</p> <p>(1)(a) The minimum wage for all private and public employees within the state shall be \$3.35 per hour.</p> <p>(b) Effective April 1, 1990, the minimum wage shall be \$3.80 per hour.</p> <p>(2)(a) After July 1, 1990, the commission may by rule establish the minimum wage or wages as provided in this chapter that may be paid to employees in public and private employment within the state.</p> <p>(b) The minimum wage, as established by the commission, may not exceed the federal minimum wage as provided in 29 U.S.C. Sec. 201 et seq., the Fair Labor Standards Act of 1938, as amended, in effect at the time of implementation of this section.”</p>

State	State Minimum Wage Rate	Year Established / Year Effective <sup>a</sup>	Mechanism of Setting State Rate	Mechanism for Future Adjustments	State Legislation or Policy Citation	Pertinent Language and Notes
Vermont	\$9.60	2014 / 2016	State specified rate of \$9.60 on January 1, 2016.	<p>Scheduled increases:</p> <p>\$10.00 (1-1-17)</p> <p>\$10.50 (1-1-18)</p> <p>Beginning January 1, 2019, adjustment to be based on inflation (CPI-U, U.S. City Average)</p> <p>State rate must match federal minimum wage rate if the latter is greater.</p>	Vermont Statutes Annotated, 21 Section 384	<p>“(a) An employer shall not employ any employee at a rate of less than \$9.15. Beginning January 1, 2016, an employer shall not employ any employee at a rate of less than \$9.60. Beginning January 1, 2017, an employer shall not employ any employee at a rate of less than \$10.00. Beginning January 1, 2018, an employer shall not employ any employee at a rate of less than \$10.50, and beginning January 1, 2019 and on each subsequent January 1, the minimum wage rate shall be increased by five percent or the percentage increase of the Consumer Price Index, CPI-U, U.S. city average, not seasonally adjusted, or successor index, as calculated by the U.S. Department of Labor or successor agency for the 12 months preceding the previous September 1, whichever is smaller, but in no event shall the minimum wage be decreased. The minimum wage shall be rounded off to the nearest \$0.01.</p> <p>An employer in the hotel, motel, tourist place, and restaurant industry shall not employ a service or tipped employee at a basic wage rate less than one-half the minimum wage. As used in this subsection, “a service or tipped employee” means an employee of a hotel, motel, tourist place, or restaurant who customarily and regularly receives more than \$120.00 per month in tips for direct and personal customer service.</p> <p>If the minimum wage rate established by the U.S. government is greater than the rate established for Vermont for any year, the minimum wage rate for that year shall be the rate established by the U.S. government.”</p>
Virginia	\$7.25	1991 / 2009	State specified rate equal to FLSA rate in 1997, thereafter equaling the FLSA rate.	Next FLSA minimum wage rate change.	Virginia Code Annotated 40.1-28.10	<p>“Every employer shall pay to each of his employees wages at a rate not less than the federal minimum wage and a training wage as prescribed by the U.S. Fair Labor Standards Act (29 U.S.C. § 201 et seq.).”</p> <p>Note: This is language from the current statute as revised by 1997 legislation, but a 1991 law had already required that the state minimum wage match the federal rate.</p>

State	State Minimum Wage Rate	Year Established / Year Effective <sup>a</sup>	Mechanism of Setting State Rate	Mechanism for Future Adjustments	State Legislation or Policy Citation	Pertinent Language and Notes
Washington	\$9.47	1998 / 2016	State specified rate of \$6.50 on January 1, 2000, followed by adjustment on January 1, 2001, and each successive January 1.	Inflation: CPI-W	Revised Code of Washington 49.46.020	“On September 30, 2000, and on each following September 30 <sup>th</sup> , the department of labor and industries shall calculate an adjusted minimum wage rate to maintain employee purchasing power by increasing the current year’s minimum wage rate by the rate of inflation. The adjusted minimum wage rate shall be calculated to the nearest cent using the consumer price index for urban wage earners and clerical workers, CPI-W, or a successor index, for the twelve months prior to each September 1 <sup>st</sup> as calculated by the United States department of labor. Each adjusted minimum wage rate calculated under this subsection (4)(b) takes effect on the following January 1st.”

State	State Minimum Wage Rate	Year Established / Year Effective <sup>a</sup>	Mechanism of Setting State Rate	Mechanism for Future Adjustments	State Legislation or Policy Citation	Pertinent Language and Notes
West Virginia	\$8.75	2014 / 2016	State specified rate of \$8.75 on January 1, 2016.	<p>Scheduled increases:</p> <p>None</p> <p>Note: State rate must match federal minimum wage rate if the latter is greater.</p>	West Virginia Code 21-5C-2	<p>“(a) Minimum wage:</p> <p>(1) After June 30, 2006, every employer shall pay to each of his or her employees wages at a rate not less than \$ 5.85 per hour.</p> <p>(2) After June 30, 2007, every employer shall pay to each of his or her employees wages at a rate not less than \$ 6.55 per hour.</p> <p>(3) After June 30, 2008, every employer shall pay to each of his or her employees wages at a rate not less than \$ 7.25 per hour.</p> <p>(4) After January 1, 2015, every employer shall pay to each of his or her employees wages at a rate not less than \$ 8.00 per hour.</p> <p>(5) After January 1, 2016, every employer shall pay to each of his or her employees wages at a rate not less than \$ 8.75 per hour.</p> <p>(6) When the federal minimum hourly wage as prescribed by 29 U.S.C. Section 206(a)(1) is equal to or greater than the wage rate prescribed in the applicable provision of this subsection, every employer shall pay to each of his or her employees wages at a rate of not less than the federal minimum hourly wage as prescribed by 29 U.S.C. Section 206(a)(1). The minimum wage rates required under this subparagraph shall be thereafter adjusted in accordance with adjustments made in the federal minimum hourly rate. The adoption of the federal minimum wage provided by this subdivision includes only the federal minimum hourly rate prescribed in 29 U.S.C. Section 206(a)(1) and does not include other wage rates, or conditions, exclusions, or exceptions to the federal minimum hourly wage rate. In addition, adoption of the federal minimum hourly wage rate does not extend or modify the scope or coverage of the minimum wage rate required under this subdivision.”</p> <p>Note: This is language from legislation signed into law in June 2014, but a 2006 law had already set the state minimum wage at \$7.25, effective 6-30-08.</p>

State	State Minimum Wage Rate	Year Established / Year Effective <sup>a</sup>	Mechanism of Setting State Rate	Mechanism for Future Adjustments	State Legislation or Policy Citation	Pertinent Language and Notes
Wisconsin	\$7.25	2009 / 2009	State specified rate of \$7.25 on July 24, 2009.	None	Wisconsin Administrative Code 272.03	<p>“This subsection is effective on July 24, 2009. Except as provided in ss. DWD 272.05 to 272.09, no employer may employ any employee in any occupation, trade, or industry at a lesser hourly rate than as follows:</p> <p>(a) All employees except opportunity and minor employees \$7.25 per hour.</p> <p>(b) Minor employees \$7.25 per hour.</p> <p>(c) Opportunity employees \$5.90 per hour.”</p>
Wyoming	\$5.15	2001 / 2001	State specified rate of \$5.15 on April 1, 2001.	None	Wyoming Statutes Annotated 27-4-202	<p>“Every employer shall pay to each of his or her employees wages at a rate of not less than five dollars and fifteen cents (\$5.15) per hour”</p>

**Source:** Minimum wage rates are from U.S. Dept. of Labor, <http://www.dol.gov/esa/minwage/america.htm>; adjustment mechanisms are from state websites and National Conference of State Legislatures, <http://www.ncsl.org/research/labor-and-employment/state-minimum-wage-chart.aspx>; policy citation and pertinent language are from state statutes.

- a. “Year Established” refers to the year that legislation or a ballot initiative establishing the current minimum wage rate in the state was passed. “Year Effective” refers to the year that the current minimum wage rate went into effect. While the majority of states have enacted minimum wage laws through state legislatures, the following 10 states’ minimum wage provisions were established through ballot initiatives or referendum: Arizona, Colorado, Florida, Missouri, Montana, Nevada, New Jersey, Ohio, Oregon, and Washington.
- b. A ballot initiative to amend the Florida state constitution and establish a minimum wage was approved by voters in 2004; in 2005 legislation was passed (S.B. 18) that created a new section in the Florida Statutes: 448.110 (State Minimum Wage; Annual Wage Adjustment; Enforcement).
- c. Minnesota’s \$9.50 minimum wage rate applies to large employers, which are defined as enterprises “whose annual gross volume of sales made or business done is not less than \$500,000 (exclusive of excise taxes at the retail level that are separately stated) and covered by the Minnesota Fair Labor Standards Act.” Small employers (defined as enterprises “whose annual gross volume of sales made or business done is less than \$500,000”) may pay a minimum wage of \$7.75. There are scheduled increases for small employers effective on the same dates as those for large employers.
- d. Nevada’s \$8.25 minimum wage rate applies to employees who do not receive health benefits. The minimum wage for employees who receive qualified health benefits from their employers is \$7.25 per hour.

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Leah Rosenstiel, Research Assistant, DSP, prepared **Figure 2** for this report.