



Raising the Minimum Wage: A Progress Update

Executive Office of the President

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White House National Economic Council,
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Affairs, the Domestic Policy Council, the Council of
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Progress Report on Raising the Minimum Wage

“To reward some of the hardest-working people in America, Congress should raise the minimum wage. This is something that would not only help those individuals who are getting a bigger paycheck, but it also means they’re spending more, and that would be a boost to business.”

- *President Barack Obama, May 2016*

President Obama first called on Congress to raise the minimum wage in his 2013 State of the Union address. And yet, since Republicans regained control of Congress in 2014, they have not scheduled one hearing on Capitol Hill to consider the issue. In fact, it has been almost a decade since Congress last approved an increase to the national minimum wage. Yet Republican obstruction does not mean that full-time workers should live in poverty.

With a full-time minimum wage worker earning only \$14,500 a year, the President continues to call on states, cities and businesses to take action on their own. Across the country, governors, state legislators, mayors, county executives, and business leaders are answering the call. Their efforts highlight the broad-based support for a higher minimum wage, which economists have shown to benefit both workers and the economy.

This report provides an update on progress made to increase the minimum wage, an overview of the current nationwide push for higher wages, and opportunities for further action.

- **Since the President’s 2013 call to increase wages, 18 states and Washington, DC, have taken action, which will benefit over 7 million workers by 2017 (Council of Economic Advisers).** In the first half of 2016, Oregon, New York, and California have passed legislation to increase the statewide minimum wage. This year, citizens in Arizona, Colorado, Maine, and Washington have collected enough signatures to put a minimum wage increase on the ballot in November. Polls show that these measures could succeed: 7 in 10 Americans support raising the minimum wage, including over half of Republicans.¹ These actions and polls send a clear message to Congress that Americans know that raising the minimum wage is good for their local economy and the nation. Additionally, state and local action is building momentum for a federal minimum wage increase, as more people recognize that \$7.25 an hour is not enough to support a full-time worker and his or her family.
- **At least 55 cities, counties and other local governments (and counting) have also taken action since 2013.** More than half of these jurisdictions have raised the minimum wage for all local workers, and the rest have raised wages for their own public workers and/or local government contractor employees. Places like Chicago, IL; Johnson County, IA; and SeaTac, WA have led the way by increasing wages at the local level.

¹ See polls by, e.g., [Pew Research Center](#) and [USA Today](#); [Gallup](#); [CBS News](#).

- **States that have raised their minimum wage since 2013 have seen stronger earnings growth in low-wage jobs compared to states that have not raised their minimum wage (Council of Economic Advisers).** Recent CEA analysis suggests that in these states, earnings growth was significantly stronger in the Leisure and Hospitality sector. In 2016, more than 5.5 million workers in this sector worked in states that raised their minimums, and their wages were 4.7 percent higher on average than similar workers in other states.

While considerable progress has been made across the country, too many workers are being left behind.

- **Congress' failure to act to raise the federal minimum wage is leaving behind millions of workers.** Currently, 21 states do not have a state minimum wage higher than the federal minimum wage (and five of these states have no state minimum wage law at all, meaning the federal minimum is in effect). That is why the President has used his executive power to raise wages for workers on federal contracts and encouraged states, cities and businesses to act on their own.
- **Tipped workers – who are primarily women – are being left behind.** Federal law and all but [seven states](#) allow employers to pay a lower “tipped minimum wage”² to workers who earn tips. The federal tipped minimum wage has not budged from just \$2.13 an hour in 25 years—and as a result, the value of the wage has declined by over 40 percent. While states’ tipped minimum wages for workers vary, almost all are well below the full federal minimum wage of \$7.25 per hour. And even as many states have raised wages for most of their workers, by and large, they have left behind tipped workers.
- **Some states are proactively hindering grassroots progress by passing “pre-emption” laws.** These laws block local governments from setting their own minimum wage. Twelve states have passed minimum wage pre-emption laws over the past few years.

For all of these reasons, President Obama strongly supports the Raise the Wage Act, introduced in Congress by Senator Patty Murray of Washington and Congressman Robert C. “Bobby” Scott of Virginia. The bill would raise the federal minimum wage to \$12 by 2020 and gradually eliminate the tipped minimum wage. It would benefit 35 million workers – more than one in four working Americans (EPI).

² The “tipped minimum wage,” sometimes also called a “lower cash wage for tipped workers” or a “subminimum wage,” refers to a specific minimum that applies to workers who regularly earn tips. While employers are legally required to ensure that workers’ wages equal at least the full minimum wage after tips are included (i.e. to “top off” the wage), that often doesn’t happen. Read more here: <http://blog.dol.gov/2016/06/23/heres-a-tip-eliminate-the-subminimum-wage-for-tipped-workers/>.

THE CASE FOR RAISING THE MINIMUM WAGE

- ❖ **Low-wage workers are taking home less in real terms than previous generations.** Adjusted for inflation, the value of the minimum wage has fallen by nearly a quarter from its peak value in 1968. It's also now about one-fifth less than it was when President Reagan took office. Today, a full-time minimum wage worker earns a little over one-third of what the average American worker makes. This decline in the real minimum wage puts the U.S. behind other advanced countries and negatively impacts American families, businesses, and the economy at large.
- ❖ **An increase in the minimum wage would lift at least 4.6 million people out of poverty (Dube 2014).** Currently, a family of four with one full-time worker earning the \$7.25 minimum wage is 17 percent below the poverty line, including tax credits.
- ❖ **Raising the wage doesn't just make good economic sense for workers and their families — it also makes good financial sense for business.** Key findings from decades of research are that higher pay: (1) increases worker productivity due to greater motivation, perception of fairness, and improved health (Bewley 1999; Mas 2006; Akerlof 2012; Mani, et al 2013; Shah et al, 2012); (2) reduces turnover, which saves on recruiting and training costs (Dube, Naidu and Riech 2005; Dube, Lester and Reich 2014); and (3) reduces absenteeism (Allen 1983; Mefford 1986; Pfeifer 2010; Zhang 2013). Businesses like Costco, Gap, Target, Walmart and TJ Maxx have raised wages recently for their workers because they know it makes good business sense.
- ❖ **What's good for workers and businesses is also good for the economy — since a higher minimum wage means less inequality, greater consumption, and a stronger workforce.** Because low-wage workers are most likely to spend the additional money they earn, increasing their wages would help to increase aggregate demand and strengthen the economy today. For example, a study released by economists at the Federal Reserve Bank of Chicago found that raising the minimum wage would raise growth by 0.3 percentage points in the short run. In 2014, over 600 economists, including Nobel laureates and past presidents of the American Economic Association, wrote a letter to the President and Congressional leaders to build the case.
- ❖ **A minimum wage increase, especially to the tipped minimum wage, would benefit working women the most.** Women account for about two-thirds of the workers in predominantly tipped occupations (like restaurant servers, bartenders and hairstylists) who would benefit from the first increase in the tipped minimum wage in 25 years (Council of Economic Advisers; EPI).
- ❖ **A higher minimum wage can improve infant health.** Recent research has found that raising the minimum wage can lead to improvements in prenatal care and birthweight, which have long-term benefits for children's health (Webby 2016).
- ❖ **Just as a higher minimum wage increases productivity and boosts GDP, it also reduces costs for the taxpayer.** In one specific example, a "back-of-the-envelope" cost-benefit analysis by the Council of Economic Advisers found that raising the minimum wage to \$12 by 2020 would result in a 3 to 5 percent decrease in crime (i.e., 250,000 to 510,000 crimes averted) and a societal benefit of \$8 to \$17 billion. More broadly, in a study using 12 years of data, economist Arin Dube also found that a 10 percent increase in the minimum wage would reduce the poverty rate among those under 65 by about 2.4 percent. The Center for American Progress has calculated that a \$12 minimum wage would allow millions of workers to earn enough to buy their own food, which would reduce Supplemental Nutrition Assistance Program expenditures by \$5.3 billion a year.

STATE, LOCAL AND PRIVATE-SECTOR ACTIONS TO RAISE WAGES

“To every mayor, governor, and state legislator in America, I say, you don’t have to wait for Congress to act.”

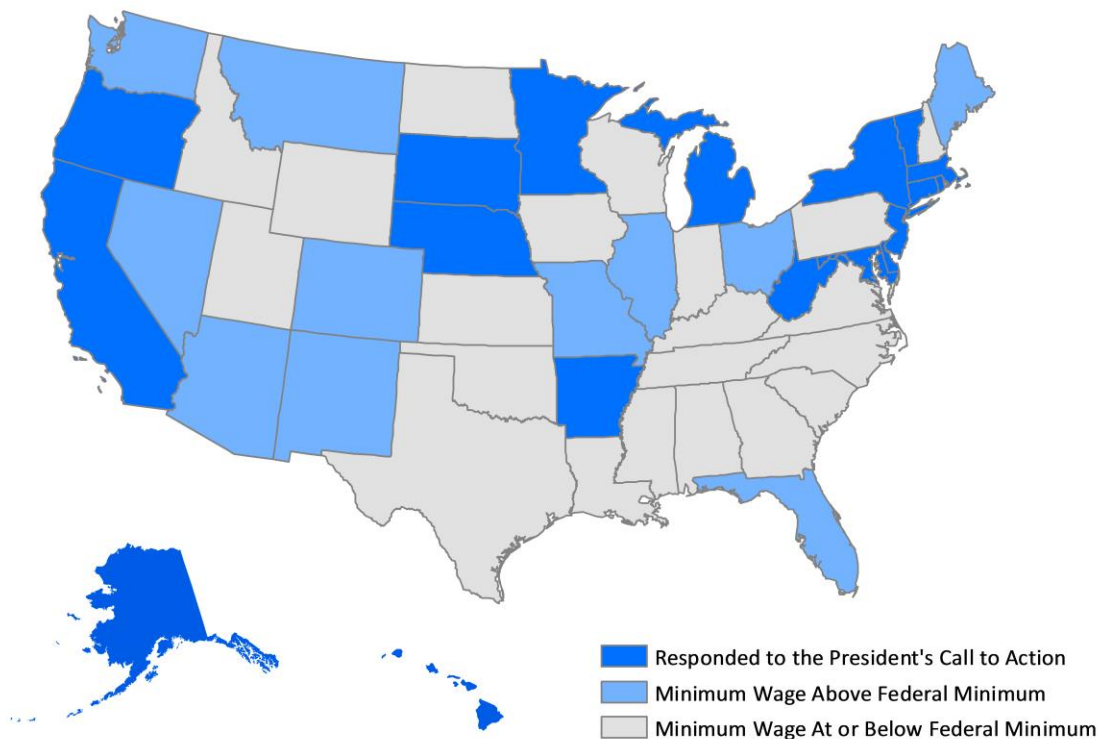
- President Obama, 2014 State of the Union

While current leaders in Congress have refused to act, state and local governments have responded to the President’s call, passing bills to increase wages. In red states and blue states alike, workers have mobilized, putting the question directly to voters on ballot initiatives pushing for higher pay.

State Activity

As shown in Figure (1), 18 states and the District of Columbia have passed legislation to increase the minimum wage since the President’s call to action in 2013. Estimates from the Council of Economic Advisers show more than 7 million workers’ wages increasing by 2017 as a result of these statewide minimum wage increases.

Figure 1. 18 States and DC Have Responded to the President's 2013 Call to Action



Note: States that have responded to the President's Call to Action have raised their minimum wage since 2013.

As of the publication of this report, Arizona, Colorado, Maine and Washington have already certified ballot measures for the fall that would raise the minimum wage to between \$12 and \$13.50 per hour by 2020. In 2014, four states — Alaska, Arkansas, Nebraska, and South Dakota—raised their state minimum wages through voter referenda.

Reflecting broad support, state legislatures have continued to pass local minimum wage increases (as shown in the table below). Just this year, minimum wage increases passed in California, New York, Oregon and Washington, DC. As one illustration of a push for broader wage increases, Gov. Cuomo embarked on a bus tour throughout New York state to promote a higher minimum wage—speaking out against rising income inequality, where “CEOs are making more and more money, and the workers are making less and less money.” On April 4, 2016, just hours after Gov. Cuomo signed legislation increasing the minimum wage, along with creating a new paid leave program, California Gov. Jerry Brown signed a bill raising wages for the state’s lowest earners, as well.

And where legislatures have been slow to take action, governors have used their executive authority to increase wages for workers. Months before the New York legislature passed an increase, Gov. Cuomo increased wages for fast food industry workers and tipped hospitality workers in December 2015. In a statement, he said, “These policies will not only lift up the current generation of low-wage workers and their families, but ensure fairness for future generations and enable them to climb the ladder of opportunity.”

In March 2016, Governor Tom Wolf of Pennsylvania signed an executive order raising wages for state employees and contractors across his state. The increase is estimated to benefit more than 1.2 million Pennsylvania workers. Of the increase, he said, “I support raising the wage because it’s fair and the right thing to do, and it will support local businesses, create new jobs, and boost state revenue by tens of millions of dollars annually while helping working families make ends meet.”

States That Have Enacted Increases to the Minimum Wage Since 2013

| STATE | NEW MINIMUM WAGE ¹ |
|----------------|--|
| 2016 | |
| California | \$15 by 2022 ² , indexed for inflation |
| New York | \$15 by 2019 ³ |
| Oregon | \$14.75 by 2022 ⁴ , indexed for inflation |
| Washington, DC | \$15 by 2020, indexed for inflation |
| 2015 | |
| Rhode Island | \$9.60 by 2016 |
| 2014 | |
| Alaska | \$9.75 by 2016, indexed for inflation ⁵ |
| Arkansas | \$8.50 by 2017 |
| Connecticut | \$10.10 by 2017 |
| Delaware | \$8.25 by 2015 |
| Hawaii | \$10.10 by 2018 |
| Maryland | \$10.10 by 2018 |
| Massachusetts | \$11 by 2017 |
| Minnesota | \$9.50 by 2016, indexed for inflation |
| Michigan | \$9.25 by 2018, indexed for inflation |
| Nebraska | \$9.00 by 2016 |
| South Dakota | \$8.50 by 2015, indexed for inflation |
| Vermont | \$10.50 by 2018, indexed for inflation |
| West Virginia | \$8.75 by 2016 |
| 2013 | |
| New Jersey | \$8.25 by 2014, indexed for inflation |

¹ For states that passed increases in multiple years, only the most recent increase is listed.

² The minimum wage reaches \$15 for businesses with 26 or more employees by 2022 and for smaller employers by 2023.

³ The minimum wage reaches \$15 for businesses in New York City with 11 or more employees on December 31, 2018 and for small businesses by 2020. For workers in Nassau, Suffolk and Westchester Counties, the minimum wage reaches \$15 on December 31, 2021. And for workers in the rest of the state, the minimum wage reaches \$12.50 by December 31, 2020 and will continue to increase to \$15 on an indexed schedule, not yet determined.

⁴ The minimum wage increases are based on a tiered system. By 2022, the minimum wage in metro Portland will be \$14.75, \$13.50 in smaller counties and \$12.50 in rural counties.

⁵ After 2016, the minimum wage will be adjusted for inflation or will be \$1 higher than the federal minimum wage, whichever is greater.

Local Activity

Just as states have taken action, cities and counties are also answering the President's call to move forward with increases on their own. Since 2013, at least 55 cities, counties and other local governments have taken action to raise pay. Over half of these jurisdictions — including Chicago, IL; Tacoma, WA; and Portland, ME—have raised the minimum wage for all local workers, and the rest have raised it for their own public workers and/or local government contractor employees.

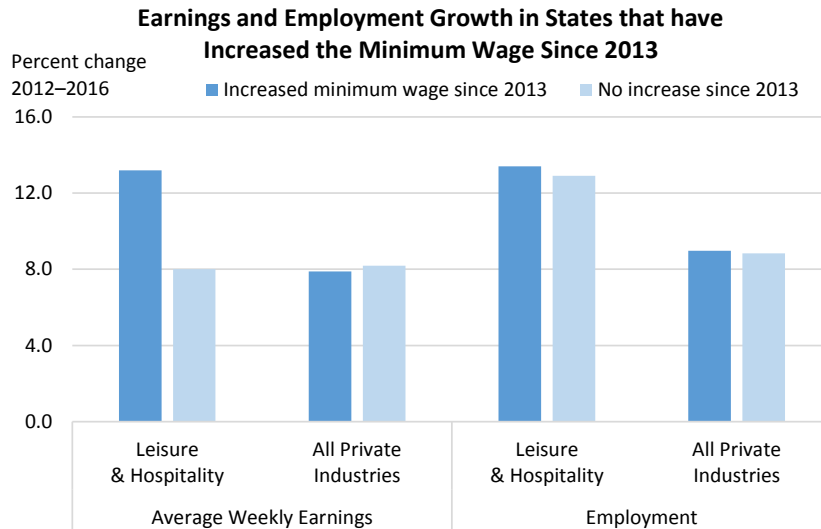
City and state executives are also using executive actions to continue the fight to increase wages for America's lowest income earners. Mayors have used their executive authority in communities like New Orleans, LA; Portland, OR; St. Petersburg, FL; Jackson, MS; Ypsilanti, MI; and Missoula, MT to raise wages for their city workers and/or contractors.

And in locations where city or state governments are not acting quickly enough, community and labor groups have worked to gather signatures to put the question directly to voters on the November ballot. For example, in Flagstaff, AZ, there will be a ballot initiative in November to vote on Proposition 414, which would raise the city minimum wage to \$15 by 2021, eliminate the tipped minimum wage by 2026, and adjust it for inflation after 2021.

Impact on Wages and Employment

States that have raised their minimum wage since 2013 have seen stronger earnings growth in low-wage jobs compared to states that have not raised their minimum wage, according to an analysis by the Council of Economic Advisers.

By focusing specifically on the Leisure and Hospitality sector, which has a large proportion of low-wage workers, CEA found stronger earnings growth in the 18 states plus DC that have raised their minimum wages since 2013, relative to other states that have not raised wages (see Table). Average weekly earnings in this sector grew by 13 percent in states that raised the minimum wage, compared to about 8 percent in other states and in the private-sector overall. Moreover, the analysis found no significant difference in employment growth between states that raised the minimum wage and states that did not—further supporting the research that increases to the minimum wage do not have a significant impact on jobs.



Source: Bureau of Labor Statistics, Current Employment Statistics.
 Note: Bars show percent changes from 2012Q2 to 2016Q2 using not-seasonally-adjusted data; the category of States that have increased minimum wages since 2013 excludes those that only index their minimum wage to inflation.

Business Activity

“So across the country, owners of small and large businesses are recognizing that fair wages and higher profits go hand in hand; it’s good for the bottom line.”

- President Obama, February 2014

In addition to calling on governors, mayors, and state and local legislators not to wait for Congress to act, the President also called on businesses to “do what you can to raise your employees’ wages,” with the confidence that “Americans will support you if you take this on.”

The Council of Economic Advisers has summarized decades of research illustrating how increasing wages can help businesses:⁶

- **Raising wages can increase productivity.** There are three channels through which raising wages can raise productivity. First, raising the minimum wage can increase motivation. Workers are motivated directly by the sense that they are earning a fair wage. Second, higher wages can increase employee morale. Third, higher wages help workers maintain better physical and mental health. All of these factors contribute to higher worker productivity.
- **Raising wages can reduce turnover and save on recruiting/training costs.** Higher wages lead to lower turnover, reducing the amount employers must spend recruiting and training new employees.

⁶ See [compiled research summaries](#) from Council of Economic Advisers for cited research and background.

- **Raising wages can reduce absenteeism.** When workers are paid higher wages, they are absent from work less often. Reduced absenteeism can help improve both their own productivity and that of their coworkers.

Businesses like Costco, Target, Walmart, and TJ Maxx have raised wages for their workers because they know it makes good business sense. As Target CEO Brian Cornell said in 2015, “We want to make sure we add team members who are committed to a long-term career at Target, and that starts with making sure in each and every market, we’re paying a competitive wage that attracts great talent. It’s critically important, and something we think about all the time ... As wages improve around the country, we’re going to benefit because we’re going to have more guests that have more dollars in their pocket to spend in our stores. So we think it’s really important that we see the minimum wages continuing to be adjusted.”

Smaller businesses are also in favor of higher wages. In fact, nearly 1,000 employers, primarily small businesses, have signed a petition from Business for a Fair Minimum Wage calling for a federal minimum wage of at least \$12 an hour by 2020. For example:

- Mom’s Organic Market — a grocery chain based in Maryland — raised its minimum wage to \$12 in May 2016. Founder and CEO Scott Nash said of the decision, “This is not an act of charity, but rather an investment. Without a doubt, our most valuable asset here at MOM's is our people.”
- Detroit-based Moo Cluck Moo, a local ice cream store, pays its workers well above minimum wage. Co-founder Brian Parker claims that, “It's the right thing to do. It empowers our people, we don't have to babysit our staff and we have low turnover as a result.”
- Molly Moon Neitzel, the owner and CEO of Molly Moon’s Homemade Ice Cream in Seattle, WA, made sure that paying workers fairly was embedded into her business plan from the start. Of the decision, she wrote in a [blog post](#), “Having a healthy, robust group of employees has a great impact on our community, and goes beyond just writing paychecks. It helps us recruit top talent, and it makes for a more loyal workforce and lower turnover, which reduces training costs.”

WHY ARE LEADERS PUSHING TO RAISE THE WAGE?

“Too many Rhode Islanders are working harder than ever, and making less money. That’s why I proposed raising the minimum wage for the second year in a row, and will keep advocating for this in the future. This is a smart investment in our working families and the future of our state.”

- Governor Gina Raimondo, Rhode Island

“I’m raising the wage to ensure that every resident in the Nation’s Capital has a fair shot at pathways to the middle class. Raising the minimum wage is the single most impactful way to grow and spread prosperity to all eight wards of the District of Columbia.”

- Mayor Muriel Bowser, Washington, DC

“We took a historic step by raising the minimum wage in Seattle. Higher wages benefit workers, their families, and the local economy. Our phased-in approach by labor and business working together minimizes disruptions, especially to small businesses. I am proud of the work we have done to address income inequality in our city.”

- Mayor Ed Murray, Seattle, WA

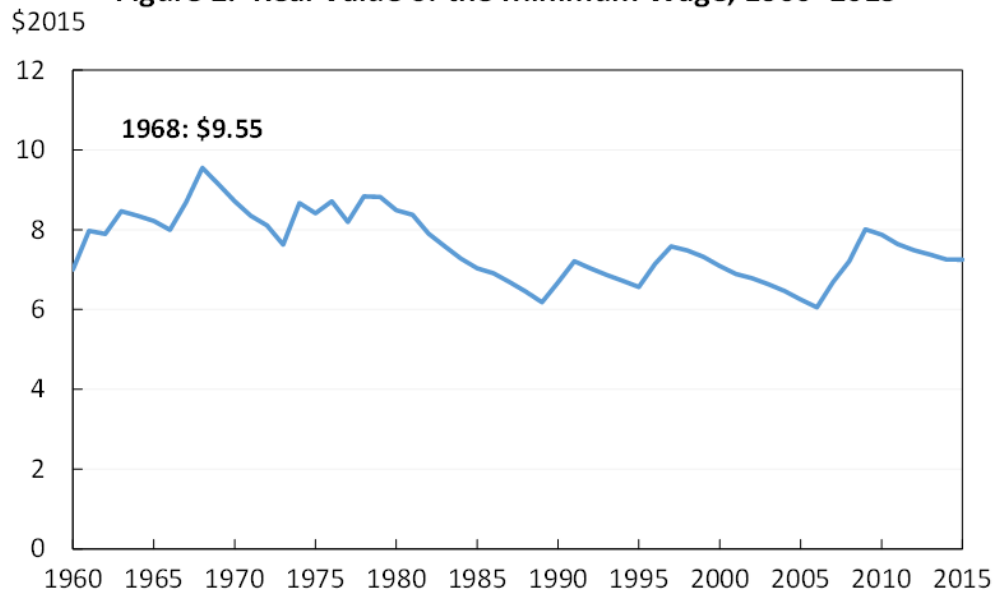
DESPITE PROGRESS, WORKERS ARE STILL BEING LEFT BEHIND

“And when Congress refuses to raise [the wage], it loses value...So over the past year, the failure of Congress to act was the equivalent of a \$200 pay cut for these folks -- for a typical minimum wage worker. That’s a month worth of groceries, maybe two months’ worth of electricity. It makes a big difference for a lot of families.”

- President Obama, February 2014

Progress made by states, cities, counties, and businesses stands in stark contrast with states that have not taken action. In these states, minimum wage workers currently earn about 20 percent less in real terms than they would have when Reagan took office. In addition, adjusted for inflation, the value of the minimum wage has fallen by nearly a quarter from its peak value in 1968, as depicted in Figure (2).

Figure 2. Real Value of the Minimum Wage, 1960–2015



Sources: Bureau of Labor Statistics; CEA calculations.

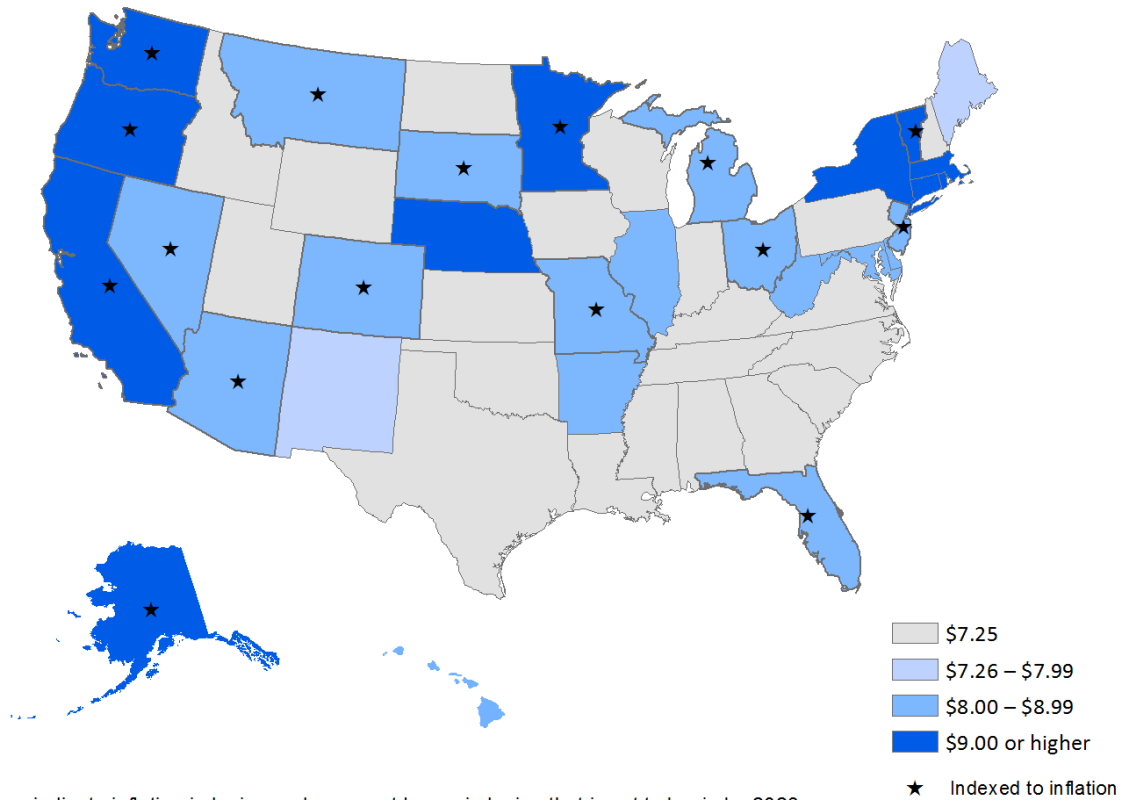
Twenty-one states, as shown in Figure (3), do not have a minimum wage higher than the federal level of \$7.25, underscoring the need for further action from Congress to enact legislation to raise the national minimum wage. Tens of millions of workers are being denied a fair wage, left behind with stagnant wages that are worth less every year due to inflation.

In addition, for tipped workers, such as valets, restaurant servers, hotel bellhops, and hairstylists, the tipped minimum wage has been stuck at \$2.13 since 1991. Despite this two-tiered system, tipped workers should still earn at least the Federal minimum wage. Not only can it be more difficult for these workers to get by, but it can be difficult for employers to track earnings and comply with minimum wage laws.

Onetha McKnight is one such tipped worker. As a wheelchair attendant at the Philadelphia International Airport, Onetha knows that transporting elderly passengers through the airport's terminals is important and allows them to visit other cities to see family and friends. And yet, low and variable compensation have made it difficult for her to be there for her own grandchildren over the years. Thanks to a sustained push by SEIU on behalf of Onetha and similar workers, she recently got a raise to \$12—but in many states across the country, workers are still waiting for higher wages.

Alia Todd has also dealt with the challenge of working in a tip-reliant industry. To combat low wages for tipped workers in her community, Alia, a longtime restaurant worker, co-founded the Asheville Sustainable Restaurant Workforce (ASRW). Located in Asheville, NC, ASRW is a worker-founded and -funded advocacy group to create better conditions for service workers. Last fall, Alia launched and ran a successful campaign to raise wages of support staff at her employer using the worker-powered platform Coworker.org.

Figure 3. State Minimum Wages



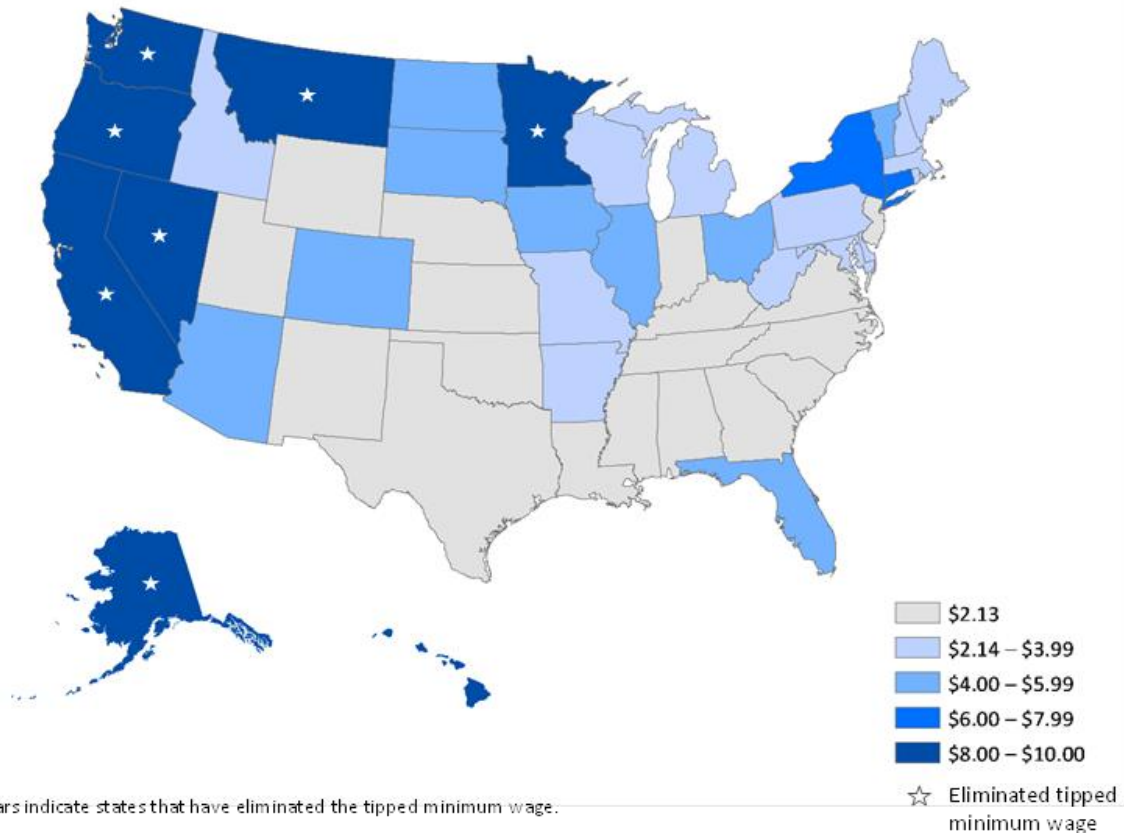
Note: stars indicate inflation indexing under current law or indexing that is set to begin by 2023.

Tipped Minimum Wage

In addition to calling on Congress to raise the national minimum wage, the President supports legislation to eliminate the tipped wage and set one fair wage for all workers. These policy changes are especially important for women, who make up more than half of the workforce in jobs that pay the minimum wage and two-thirds of jobs in tipped occupations. It would also simplify the administrative burden for employers, who would no longer have to track hours and tips to ensure their workers are making at least Federal minimum wage.

Since 1991, the tipped minimum wage has declined by over 40 percent in real terms. Today, the tipped minimum wage equals just 29 percent of the full minimum wage, the lowest share since the tipped minimum wage was established in 1966. Many states recognize the need for greater employer contributions to the wages of tipped workers. As highlighted in Figure (4), 32 states and the District of Columbia currently require employers to pay tipped workers an hourly wage that exceeds the Federal tipped minimum of \$2.13—and seven of these states have already eliminated the tipped minimum wage, setting one fair minimum wage for all workers.

Figure 4. State Minimum Wages for Tipped Employees



The subminimum wage system for tipped workers is complex and hard to enforce. Employers are required to make up the difference when a worker’s wages after tips do not equal at least the full minimum wage. In spite of this requirement to “top up” wages to \$7.25, legal complexity, reporting challenges, and scofflaw employers mean that workers often receive less than they are due. When surveyed, more than one in 10 workers in tipped occupations, such as restaurant servers, bartenders, and hairstylists report hourly wages below the full federal minimum wage of \$7.25, including tips.

Worse, evidence abounds that some employers are not playing by the rules. The Department of Labor’s Wage and Hour Division, which enforces the federal minimum wage law, uncovered violations in more than 80 percent of its 19,000+ investigations of full-service restaurants in fiscal years 2009-2015. These investigations uncovered over 2,000 violations of tipped minimum wage provisions – representing \$16 million in back wages owed.

WHY THE TIPPED WAGE SHOULD BE ELIMINATED

- ❖ The federal tipped minimum wage has not budged from \$2.13 in 25 years—and as a result, the value of the wage has declined by over 40 percent in real terms. Average hourly wages for workers in predominantly tipped occupations are nearly 40 percent lower than overall average hourly wages.
- ❖ Workers in predominantly tipped occupations are twice as likely as other workers to experience poverty, and restaurant servers are almost three times as likely to be in poverty.
- ❖ The tipped minimum wage system leads to serious financial uncertainty. The amount of tips—and thus workers' income—can easily vary for reasons beyond workers' control, such as bad weather or a slow day. Tips are also subject to the whims of customers who don't recognize their role in paying tipped workers' wages. As a result, workers who rely on tips typically have to budget for their expenses based on low wages that constantly fluctuate.
- ❖ Financial uncertainty puts workers in a vulnerable position at work. Too often tipped workers (particularly women and people of color) are subjected to *hostile work environments* – most often due to sexual harassment and discrimination based on race and national origin – in order to get their income.
- ❖ These negative effects disproportionately fall on women, who account for about two-thirds of all workers in predominantly tipped occupations—such as restaurant servers, bartenders and hairstylists.
- ❖ Research shows that raising the minimum wage reduces child poverty among female-headed households. Increasing the minimum wage can also help women work their way out of poverty and into the middle class.
- ❖ Compliance with the tipped minimum wage rules is complicated; too often employers don't understand their obligations or choose to ignore the rules. This means workers who demand their legally owed wages have to resort to complaints and the courts.
- ❖ Raising wages for tipped workers will increase incomes, provide certainty around that income, and cut the poverty rate. In the seven states that have equal minimum wages for tipped workers, these individuals are 25 percent less likely to fall under the federal poverty line than tipped workers in other states (EPI).

Pre-emption

As efforts in states and local areas have gained steam in recent years, some state governments have taken aggressive steps to limit this forward momentum led by workers. These states have enacted laws that pre-empt cities and counties from setting their own minimum wages, denying citizens the opportunity to set the economic policies for their own communities.

The Administration opposes these pre-emption efforts. For example, in May 2016, Department of Labor Secretary Perez authored an [Op-Ed](#) supporting local officials taking steps to raise wages in the face of state pre-emption efforts. He stated that “obstructionism has trickled down [from Congress] into state legislatures, where it’s no longer enough to stall progress on the state level; they now actively prevent local officials from doing the jobs that people elected them to do. If state legislators refuse to use their time in office to help working families, they could at least stop short of handcuffing local officials who want to try.”

Currently, a total of 21 states have laws on the books preventing local areas from setting their own minimum wages, 12 of which have passed since 2013. In 2016, six state legislatures considered or are still considering minimum wage/paid leave pre-emption legislation, with Alabama and Idaho passing bills; a minimum wage preemption bill passed by the Virginia legislature was vetoed by Governor Terry McAuliffe.

In one recent example, the City Council of Birmingham in Alabama approved an increase of the minimum wage to \$10.10 per hour without one vote in opposition. Before the bill went into effect, the Alabama state legislature swiftly passed and the governor immediately signed legislation pre-empting any local government from setting its own minimum wage, costing 40,000 Birmingham workers a long overdue raise.

In another example, earlier this year a minimum wage pre-emption bill moved quickly through both houses of the Idaho state legislature, passed, and was enacted into law without the governor’s signature. This legislation followed a narrow defeat of a city-wide minimum wage initiative in the town of McCall – the first city in Idaho to hold a public vote on this issue – that would have raised the wage from \$7.25 to \$10.25 an hour.

THE ADMINISTRATION’S PUSH TO INCREASE THE MINIMUM WAGE

“...No American working full-time in this country should struggle to make ends meet. That’s why as long as I hold this office, I will continue to fight for hardworking Americans. And I will keep urging Congress to raise the federal minimum wage, so that all Americans have a fair shot to get ahead. America deserves a raise.”

- President Obama, June 2016

The President’s Executive Order

The President has come out strongly and consistently in urging Congress, states, cities, and businesses to raise wages for workers. To lead the way, he took action using his executive authority. In February 2014, President Obama signed Executive Order 13658, “Establishing a Minimum Wage for Contractors,” which raised the minimum wage for all workers on federal construction and service contracts to \$10.10 an hour, and provided for annual cost of living increases going forward. Today, the contractor minimum wage is \$10.15 an hour, and it will rise

to \$10.20 in 2017. The Executive Order also increased the tipped minimum wage for contractors. As a result of this action, an estimated 200,000 workers stand to benefit.

Raise the Wage Act

While the President has taken action to raise wages, Congress must act to level the playing field so that all workers earn a fair wage. Since the end of the Great Depression, this national wage floor has set a standard below which no one should fall. But this standard is in dire need of an update.

That is why the President supports the Raise the Wage Act, which was introduced by Senator Murray and Representative Scott in this Congress and has attracted a total of 208 cosponsors in the House and Senate to date. This bill would raise the federal minimum wage to \$12 by 2020 for all workers. The legislation also would gradually phase out the lower minimum wage for tipped workers, so that tipped workers are treated equally relative to other low-wage workers.

According to the Economic Policy Institute, the bill would benefit about 35 million workers—more than one in four working Americans. Starting in 2021, the bill would link the minimum wage to median wages, which would lock in a fair wage for the future, rather than allowing the minimum wage and low-wage workers' living standards to fall victim to Congressional gridlock.

NEXT STEPS

The Administration will continue to support the efforts of states, localities, businesses, and worker advocates to build on the success of the 18 states and the District of Columbia that have raised wages since the President's call to action.

Though more than 7 million workers will benefit from increased wages due to the actions of states across the country by 2017, 35 million workers are being denied a fair wage due to Congress' failure to act and pass the Raise the Wage Act. Therefore, the President will continue to call on members of Congress to take up and pass the Raise the Wage Act, so that workers in all states will reap the benefits of increased wages.

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