

## A Comparison of State Minimum Wages

By Yuri Shadunsky and Norton Francis

The current federal minimum wage, which applies to almost all employees, is \$7.25 per hour — unchanged since 2010. The District of Columbia and 21 states set minimum wages higher than the federal rate, led by Washington State’s \$9.32. In these states, the state minimum wage applies to all employers. Twenty states have a minimum wage that matches the federal rate (nine of those states explicitly link to the federal minimum wage by statute). Four states have minimum wages below the federal minimum and five have no minimum wage requirement.<sup>1</sup> In states with no minimum wage, or a minimum wage below the federal rate, the federal minimum wage applies to any business that has at least \$500,000 in annual sales; any business engaged in interstate commerce; hospitals, schools, and gov-

ernment employers. As a result, the effective state minimum wage is \$7.25 for most workers in the 29 states that don’t set a higher level.<sup>2</sup> Of the 74 million employees paid an hourly wage in 2011, 3.8 million, or 5.2 percent, were paid the federal minimum or less.<sup>3</sup>

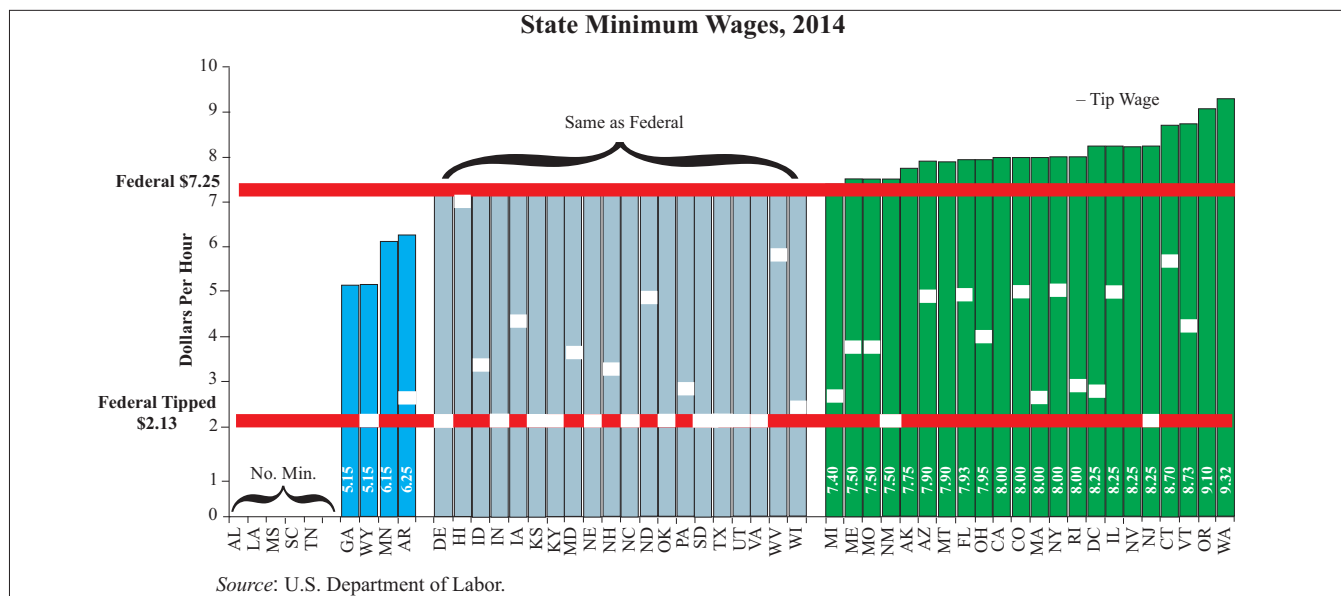
For tipped workers — workers who receive at least \$30 a month in tips — the federal minimum wage is \$2.13. Thirteen states adopt that minimum. Seven states prohibit paying tipped workers a lower minimum wage than other workers. Of the four states with minimum wages lower than the federal rate, Georgia specifically exempts tipped workers from the minimum wage. The remaining 21 states and D.C. have minimum wages for tipped workers between the \$2.13 federal minimum wage and the state minimum wage.<sup>4</sup>

<sup>1</sup>Department of Labor. See <http://www.dol.gov/compliance/guide/minwage.htm#who>.

<sup>2</sup>Some localities have higher minimum wages than required.

<sup>3</sup>Bureau of Labor Statistics. See <http://www.bls.gov/cps/minwage2011.htm#2>.

<sup>4</sup>Department of Labor. The state definition may differ from federal.



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