



Minimum Wage, Maximum Benefits

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The federal minimum wage has been stuck at \$5.15 an hour for nearly ten years. In real terms, it is now worth less today than in all but one of the last fifty years. As Washington refuses to act, over 30 million families are barely getting by, struggling to put food on the table and a roof over their heads. In response, a grassroots movement has been building over the last decade to restore the value of the minimum wage through action at the state and local levels. In a sign of this movement's growing momentum, this fall ballot initiatives organized by community coalitions in six states will empower residents to vote on a minimum wage increase at the ballot box.

The minimum wage has been a cornerstone of our national economic policy for over sixty years, beginning with the passage of the Fair Labor Standards Act in 1937. And recent economic research has shown that an adequate minimum wage lifts families out of poverty while posing little risk of job losses. But Congress has failed to update it since 1997. If the federal minimum wage from 1968 were adjusted for inflation, it would be worth \$9.09 today—75% more than the current federal minimum wage of \$5.15.

Congress's refusal to address the eroding minimum wage has led working families and their advocates to turn to state and local governments for protection, organizing campaigns to raise the minimum wage in state legislatures and city councils across the country. With legal and legislative design assistance from the Brennan Center for Justice at New York University School of Law, organizing support from the Association of Community Organizations for Reform Now (ACORN), and economic and technical assistance from the Economic Policy Institute, the Ballot Initiative Strategy Center and the University of Massachusetts Political Economy Research Institute, this robust movement is winning legislative victories around the country. As a result, legislatures in sixteen states have raised their minimum wages above the federal level. These range from \$5.70 in Wisconsin to as high as \$7.63 in Washington. Locally, cities including Santa Fe, San Francisco, and Washington, D.C. have enacted strong citywide minimum wage measures that cover most or all private employers. This year, Santa Fe's minimum wage rose to \$9.50, and survived a court challenge successfully defended by the Brennan Center on behalf of the city.

But some state legislatures still haven't responded, despite the compelling need and the popularity of minimum wage hikes among their constituents. Indeed, polling by the nonpartisan Pew Research Center shows that Americans overwhelmingly support an increase in the minimum wage, with 82% indicating that it was an important priority. Other polling in individual states shows similar support.

In 2004, community coalitions in two states—Florida and Nevada—took the matter into their own hands. Through ballot initiative campaigns they gave voters the chance to decide for themselves whether to raise the minimum wage. The response was enthusiastic: the measures passed with 72% support in Florida (a state that had never before had its own minimum wage) and 68% in Nevada.

Building on Florida and Nevada's success, grassroots coalitions in six more states are fielding minimum wage ballot initiatives this fall. With support from the Brennan Center and allied groups, residents of Arizona, Arkansas, Colorado, Michigan, Montana, and Ohio are now or soon will be gathering signatures to put minimum wage increases on the November 2006 ballot. In addition, Nevada is constitutionally required to hold a second vote this year before its minimum wage hike first approved in 2004 can become law.

In addition to raising the minimum wage, all of these ballot proposals provide for automatic cost-of-living increases in future years. This feature currently exists in four states—Florida, Oregon, Washington, and Vermont—and is a key protection for preventing future erosion of the wage floor.

While restoring the minimum wage to a more adequate level and indexing it for inflation are the central goals of these campaigns, they also present opportunities for strengthening the minimum wage by closing loopholes and improving enforcement. For example, the federal minimum wage still exempts a significant number of workers, including many farmworkers and home care workers caring for the elderly and disabled. These archaic exclusions, rooted in the racial politics of the New Deal, continue to deny protection to vulnerable low-wage workers in these industries, many of them women, immigrants, and people of color. Some of this fall's ballot initiatives will allow voters to begin to narrow these exclusions. Another serious problem with the minimum wage is non-compliance, especially in industries where vulnerable workers are concentrated. Some of the proposals also take steps to strengthen compliance through various administrative improvements. A forthcoming guide from the Brennan Center provides an overview for advocates of these and other policy options for strengthening state and local minimum wage protections.

In the declining real value of the federal minimum wage, our nation is facing one of the most pressing social and economic challenges of our times. As poverty grows, the income gap continues to widen, and tens of millions of residents of the world's richest nation are unable to afford the basic necessities of life. State and local campaigns to raise the minimum wage are emerging as a key component of a progressive strategy for rebuilding protections for these working families.

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