



# The federal minimum wage should be a robust national wage floor, not adjusted region by region

**Fact Sheet** • March 18, 2019

From time to time, politicians, policy analysts, and academics muse about whether the federal minimum wage should be set region by region, rather than as one national floor. The idea is as old as the minimum wage, yet has never seriously been debated, and has certainly not been implemented—and with good reason: because it is an idea that it is fundamentally flawed.

**The purpose of the federal minimum wage is to establish a universal floor—a protection that applies equally nationwide and can support a robust national economy.** Federal law already allows states and cities to enact their own higher minimum wages to reflect local economic conditions, including costs of living. And while 29 states have enacted minimum wages higher than the federal \$7.25, twenty-one states—predominantly, but not exclusively, in the South—refuse to raise their state minimum wages and, in many cases, have prohibited cities and counties from establishing their own local wage standards. In this environment, there is little chance that workers in those areas will ever be protected by a decent wage—except through federal action.

**Regional minimum wages bake in low wages to already low-wage places.** Rural counties and Southern cities—where wages have been depressed for a variety of social, racial, political, and economic reasons—would effectively have their low-wage status locked in by a regionally adjusted federal minimum wage. For example, in many low-wage areas, the predominant employers of low-wage workers are big national businesses, such as Walmart and McDonald's, who can afford to pay far better wages than they do. Their position as the predominant employer in many rural or small-town areas gives them monopsony power and allows them to essentially set wages not just for themselves, but for all low-wage jobs in the region.

An [analysis](#) of a current regional minimum wage proposal that is being floated shows that it would not only eviscerate the benefits of the Raise the Wage Act of 2019 (RTWA), but would have a particularly harsh impact on women of color and black workers.

- Under the regional proposal, 15.6 million fewer workers would receive a raise than under the RTWA. Over one-third of those left behind—5.6 million—are women of color.
- Under the RTWA, 26.6 percent of workers would receive a raise, as opposed to only 16.2 percent under the regional proposal.
- Under the RTWA, workers would see approximately \$118 billion in increased wages, but would only see \$35.7 billion under the regional proposal.
- The average raise for workers under a regional proposal would be roughly half of that under the RTWA, and black workers would be hit particularly hard, losing an average of \$1,700 in annual income as compared with the RTWA.
- Workers in the South would disproportionately suffer under the regional proposal, with Mississippi, Alabama, Kentucky, Louisiana, North Carolina, Tennessee, Ohio, Idaho, Oklahoma, and West Virginia losing the most. Workers in those states would lose between \$2,200 and \$2,700 per year compared with the raises under the RTWA.

**Contrary to what opponents say, a federal minimum wage of \$15 by 2024 is actually quite modest—it’s not a “radical” wage that’s only appropriate in high-cost-of-living coastal states.** Fifteen dollars an hour in 2024 is the equivalent of roughly \$12.98 in today’s dollars. As of today, there is not one county in America where a single individual, even without children, can have a secure standard of living working full-time, year-round at \$12.98 per hour. (EPI’s [family budget calculator](#) confirms this.) Thus, even \$15 in 2024 would be inadequate for ensuring a modest but secure standard of living—but it would be dramatically better than the current minimum wage.

**Lower-wage states and regions can readily handle a \$15 minimum wage by 2024.** The Raise the Wage Act intentionally phases in a \$15 minimum wage over a six-year period, in recognition that lower-wage areas would need more time to adjust than higher-wage regions. At the historical high point of the federal minimum wage in 1968, there was greater variation in regional and state wage levels across the United States. Over the past 40 years, there has been a convergence in state and regional wages, with lower-wage areas moving up closer to national averages, though this reality isn’t widely known or acknowledged. This convergence implies that any given federal minimum wage level will have less impact now on low-wage states relative to high-wage states than would have been the case in 1968.

## Conclusion and recommendations

For too long, our federal policy around minimum wage has been one of utter neglect. Even when Congress has raised the federal minimum wage, it has not raised it enough to even keep up with the purchasing power that has eroded since the last increase, let alone keep up with average wages or worker productivity. Our chief goal with the federal minimum wage should be to at least restore its historic value and make sure there is a more robust wage floor for the entire country. Setting regional differences as federal policy isn’t a way to ensure that lower cost-of-living states get a raise—it’s a way to ensure that the wages for workers struggling in those states will remain shamefully low.