

## State Minimum Wages, Minimum Wage Indexing, and the Employment Cost Index

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### Issue

This report describes (1) other states' minimum hourly wages, (2) how other states index annual automatic changes in their minimum wages, and (3) a 10-year history of the employment cost index (ECI).

### Summary

At the start of 2019, 29 states, including Connecticut, set minimum hourly wage requirements that exceeded the \$7.25 required under federal law. Of the remaining states, 14 set minimums equal to the federal rate, five have no state minimum, and two set a minimum below the federal minimum. In the states with no minimum wage or one set lower than the federal minimum, the federal minimum wage applies unless the employees are exempted from the federal law.

In the states with minimums set above the federal requirement, minimum wage adjustments typically occur through scheduled incremental increases or annual adjustments indexed to a measure of inflation. Recently, many of these states have done both by scheduling specified increases for several years followed by annual inflation-indexed adjustments. Of the 18 states that automatically adjust their minimum wage for inflation (or will do so in the future), most tie their adjustments to either the Consumer Price Index for All Urban Consumers (CPI-U) or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

Under [PA 19-4](#), Connecticut will incrementally increase its minimum wage until it reaches \$15.00 on June 1, 2023. Then, beginning on January 1, 2024, future minimum wage changes will be adjusted annually by the percent change in the Employment Cost Index (ECI) for all civilian workers'

wages and salaries over the 12-month period ending on June 30 of the preceding year. Since 2009, the ECI has, on average, increased by about 2% each year, with higher increases in recent years.

## State Minimum Wages

Table 1 shows the minimum hourly wage in each state as of January 1, 2019, and any future scheduled increases. It also shows whether the state automatically adjusts the wage annually or will begin doing so in the future.

**Table 1: 2019 State Minimum Wages**

State	Minimum Wage	Future Enacted Increases (After 1/1/19)	Automatic Annual Adjustments
Alabama	None	None	None
Alaska	\$9.89	N/A	Yes
Arizona	\$11.00	\$12 on 1/1/20	Starting 2021
Arkansas	\$9.25	\$10 on 1/1/20 \$11 on 1/1/21	None
California	\$12.00 (for employers with at least 26 employees)  \$11.00 (for employers with 25 or fewer employees)	\$13.00 on 1/1/20 \$14.00 on 1/1/21 \$15.00 on 1/1/22 (increases are delayed by one year for employers with 25 or fewer employees)	Starting 1/1/23
Colorado	\$11.10	\$12.00 on 1/1/20	Starting 1/1/21
Connecticut (under <a href="#">PA 19-4</a> )	\$10.10	\$11.00 on 10/1/19 \$12.00 on 9/1/20 \$13.00 on 8/1/21 \$14.00 on 7/1/22 \$15.00 on 6/1/23	Starting 1/1/24
Delaware	\$8.75	\$9.25 on 10/1/19	None
Florida	\$8.46	N/A	Yes
Georgia	\$5.15	None	None
Hawaii	\$10.10	None	None
Idaho	\$7.25	None	None
Illinois	\$8.25	\$9.25 on 1/1/20 \$10.00 on 7/1/20 \$11.00 on 1/1/21 \$12.00 on 1/1/22 \$13.00 on 1/1/23 \$14.00 on 1/1/24 \$15.00 on 1/1/25	None
Indiana	\$7.25	None	None
Iowa	\$7.25	None	None
Kansas	\$7.25	None	None
Kentucky	\$7.25	None	None

**Table 1 (continued)**

<b>State</b>	<b>Minimum Wage</b>	<b>Future Enacted Increases (After 1/1/19)</b>	<b>Automatic Annual Adjustments</b>
<b>Louisiana</b>	None	None	None
<b>Maine</b>	\$11.00	\$12.00 on 1/1/20	Starting 1/1/21
<b>Maryland</b>	\$10.10 (for employers with at least 15 employees)	\$11.00 on 1/1/20 \$11.75 on 1/1/21 \$12.50 on 1/1/22 \$13.25 on 1/1/23 \$14.00 on 1/1/24 \$15.00 on 1/1/25 (employers with fewer than 15 employees follow a schedule with smaller increases that reach \$15 on 7/1/26)	None
<b>Massachusetts</b>	\$12.00	\$12.75 on 1/1/20 \$13.50 on 1/1/21 \$14.25 on 1/1/22 \$15.00 on 1/1/23	None
<b>Michigan</b>	\$9.25	\$9.45 on 3/29/19 \$9.65 in 2020 \$9.87 in 2021 \$10.10 in 2022 \$10.33 in 2023 \$10.56 in 2024 \$10.80 in 2025 \$11.04 in 2026 \$11.29 in 2027 \$11.54 in 2028 \$11.79 in 2029 \$12.05 in 2030 (Starting in 2020, annual increases may be <a href="#">delayed</a> if the state's unemployment rate is at least 8.5%)	None
<b>Minnesota</b>	\$9.86 (for employers with at least \$500,000 of annual gross revenues)  \$8.04 (for employers with less than \$500,000 of annual gross revenues)	N/A	Yes
<b>Mississippi</b>	None	None	None
<b>Missouri</b>	\$8.60 (does not apply to retail or service businesses less than \$500,000 gross annual sales or business)	\$9.45 on 1/1/20 \$10.30 on 1/1/21 \$11.15 on 1/1/22 \$12.00 on 1/1/23	Starting 1/1/24
<b>Montana</b>	\$8.50 (applies to businesses with at least \$110,000 of gross annual sales)	N/A	Yes

**Table 1 (continued)**

<b>State</b>	<b>Minimum Wage</b>	<b>Future Enacted Increases (After 1/1/19)</b>	<b>Automatic Annual Adjustments</b>
<b>Nebraska</b>	\$9.00	None	None
<b>Nevada</b>	\$8.25 (for employees without health benefits)  \$7.25 (for employees with health benefits)	N/A	Yes
<b>New Hampshire</b>	\$7.25	None	None
<b>New Jersey</b>	\$8.85	\$10.00 on 7/1/19 \$11.00 on 1/1/20 \$12.00 on 1/1/21 \$13.00 on 1/1/22 \$14.00 on 1/1/23 \$15.00 on 1/1/24 (employers with fewer than 7 employees follow a schedule with smaller increases that reach \$15 on 1/1/26)	Starting 1/1/25
<b>New Mexico</b>	\$7.50	\$9.00 on 1/1/20 \$10.50 on 1/1/21 \$11.50 on 1/1/22 \$12.00 on 1/1/23	None
<b><a href="#">New York</a></b>	\$15.00 (for NYC employers with at least 11 employees)  \$13.50 (for NYC employers with less than 11 employees)  \$12.00 (for Westchester County and Long Island)  \$11.10 (for remainder of state)	\$15.00 on 12/31/19 (for all NYC employers)  \$13.00 on 12/31/19 (for Westchester County and Long Island)  \$11.80 on 12/31/19 (for remainder of state)  \$14.00 on 12/31/20 (for Westchester County and Long Island)  \$12.50 on 12/31/20 (for remainder of state)	Starting 2021 (only applies until all wages in the state reach \$15.00)
<b>North Carolina</b>	\$7.25	None	None
<b>North Dakota</b>	\$7.25	None	None
<b>Ohio</b>	\$8.55 (for employers who gross at least \$314,000)  \$7.25 (for employer who gross less than \$314,000)	N/A	Yes
<b>Oklahoma</b>	\$7.25	None	None

**Table 1 (continued)**

<b>State</b>	<b>Minimum Wage</b>	<b>Future Enacted Increases (After 1/1/19)</b>	<b>Automatic Annual Adjustments</b>
<b>Oregon</b>	\$10.75	\$11.25 on 7/1/19 \$12.00 on 7/1/20 \$12.75 on 7/1/21 \$13.50 on 7/1/22 (Higher rates <a href="#">apply</a> to employers in the Portland metro area, and lower rates apply to employers in non-urban counties)	Starting 7/1/23
<b>Pennsylvania</b>	\$7.25	None	None
<b>Rhode Island</b>	\$10.50	None	None
<b>South Carolina</b>	None	None	None
<b>South Dakota</b>	\$9.10	N/A	Yes
<b>Tennessee</b>	None	None	None
<b>Texas</b>	\$7.25	None	None
<b>Utah</b>	\$7.25	None	None
<b>Vermont</b>	\$10.78	N/A	Yes
<b>Virginia</b>	\$7.25	None	None
<b>Washington</b>	\$12.00	\$13.50 on 1/1/20	Starting 1/1/21
<b>West Virginia</b>	\$8.75	None	None
<b>Wisconsin</b>	\$7.25	None	None
<b>Wyoming</b>	\$5.15	None	None

Source: [National Conference of State Legislatures](#) (unless otherwise noted)

## Annual Indexing

As Table 1 shows, 18 states, including Connecticut, require (or will require) that their minimum wages be annually adjusted for inflation. Table 2 shows these states and the index they use for their minimum wage adjustments. Most of these states use either the Consumer Price Index for All Urban Consumers (CPI-U) or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), both of which are nationwide inflation indicators. Four states (AK, CO, FL, and ME) use a more regional or state-specific index. Minnesota is the only state that uses a price deflator determined by the U.S. Department of Commerce and Connecticut is the only state to use the ECI.

**Table 2: State Minimum Wage Indexes**

<b>State</b>	<b>Indexed Used for Automatic Annual Adjustments</b>	<b>National or Regional Index</b>
<a href="#">Alaska</a>	CPI-U (Consumer price index for all urban consumers)	Regional (Anchorage metropolitan area)
<a href="#">Arizona</a>	Starting in 2021 CPI-U	National
<a href="#">California</a>	Starting in 2023 CPI-W (Consumer price index for urban wage earners and clerical workers)	National

**Table 2 (continued)**

<b>State</b>	<b>Indexed Used for Automatic Annual Adjustments</b>	<b>National or Regional Index</b>
<a href="#">Colorado</a>	Starting in 2021 Consumer price index used for Colorado	Regional (Colorado)
<a href="#">Connecticut</a>	Starting in 2024 ECI (Employment Cost Index) for all civilian workers' wages and salaries	National
<a href="#">Florida</a>	CPI-W	Regional (South)
<a href="#">Maine</a>	Starting in 2021 CPI-W	Regional (Northeast)
<a href="#">Minnesota</a>	Implicit price deflator, national data for personal consumption expenditures determined by the U.S. Dept. of Commerce, Bureau of Economic Analysis	
<a href="#">Missouri</a>	Starting in 2024 CPI-W	National
<a href="#">Montana</a>	CPI-U	National
<a href="#">Nevada</a>	CPI-U	National
<a href="#">New Jersey</a>	Starting in 2025 CPI-W	National
<a href="#">New York</a>	Starting in 2021, and lasting until the minimum wage is \$15 statewide As determined by the director of the budget, using indices that include, but are not limited to, (1) CPI-U, (2) the rate of state personal income growth, or (3) wage growth	To be determined
<a href="#">Ohio</a>	CPI-W	National
<a href="#">Oregon</a>	Starting in 2023 CPI-U	National
<a href="#">South Dakota</a>	CPI-U	National
<a href="#">Vermont</a>	CPI-U	National
<a href="#">Washington</a>	Starting in 2021 CPI-W	National

## **ECI**

In general, the [ECI](#) is a quarterly measure of the change in the cost of labor prepared by the U.S. Department of Labor's Bureau of Labor Statistics. Based on a national compensation survey, the ECI's components include changes in (1) wages and salaries and (2) employer costs for employee benefits.

The table below shows the ECI and its annual percentage change for all civilian workers' wages and salaries as of June 30 in each of the past 10 years.

**Table 3: ECI for All Civilian Workers' Wages and Salaries, 2009-2018**

<i>Year (through June)</i>	<i>ECI</i>	<i>Percent Change from Previous Year</i>
<b>2009</b>	110.4	+1.75
<b>2010</b>	112.1	+1.54
<b>2011</b>	113.9	+1.61
<b>2012</b>	115.8	+1.67
<b>2013</b>	117.7	+1.64
<b>2014</b>	119.8	+1.78
<b>2015</b>	122.4	+2.17
<b>2016</b>	125.4	+2.45
<b>2017</b>	128.3	+2.31
<b>2018</b>	131.8	+2.73
<b>2019</b>	135.7	+2.96

Source: <https://www.bls.gov/web/eci/echistrynaics.pdf> (p. 28)

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