

## **Minimum Wage Fairness Act (S.2223)**

### ***Introduced by Senate HELP Committee Chairman Tom Harkin (D-IA)***

The *Minimum Wage Fairness Act* will raise the minimum wage to \$10.10 over three years, lifting it closer to its historic level, and will index the minimum wage to inflation in the future so that low-wage workers do not continue to fall behind. The Act will also raise the minimum wage for tipped workers for the first time in more than 20 years, raising it to a level that is 70 percent of the regular minimum wage.

#### **“Regular” Minimum Wage**

Background: The current wage of \$7.25 was implemented in July 2009, the final of three increases resulting from 2007 legislation signed by President George W. Bush.

- Under the bill, the minimum wage will increase to \$10.10 in three 95-cent increments: about six months after enactment (\$8.20), 1 year later (\$9.15), 1 year later (\$10.10).
- The wage will be indexed to inflation thereafter, to keep up with rising cost of living.

#### **“Tipped” Minimum Wage**

Background: Workers who regularly receive tips (at least \$30 per month) may be paid a subminimum wage. That wage, \$2.13 per hour, has been frozen since 1991.

- The tipped minimum wage will increase 95 cents per year until it reaches 70 percent of the regular minimum wage.
- This will require at least 6 increases and will end at \$7.10 (or more if the regular wage has risen above \$10.10 because of inflation).
- The wage will be pegged to 70 percent of the regular minimum wage thereafter as the regular wage increases with inflation.

#### **Minimum Wage Facts**

- The minimum wage today is at a historic low. The minimum wage has lost 32 percent of its buying power since its peak in 1968. If the minimum wage had kept up with inflation since 1968, it would be worth \$10.71 per hour today.
- Twenty-eight million American workers will get a raise under the bill. More than half of these are women, and 15 million women would get a raise. The vast majority (88 percent) are adult workers, not teenagers. Over 14 million children (19 percent of American kids) have a parent who will get a raise.
- The minimum wage today pays only \$15,000 per year, which is \$3,000 below the poverty level for a family of 3. The *Minimum Wage Fairness Act* will boost the minimum wage to \$21,000, lifting families above the poverty line.
- Increasing the minimum wage to \$10.10 per hour will give \$35 billion in raises to millions of workers over the course of the three increases, and increase GDP by nearly \$22 billion as workers spend their raises in their local businesses and communities. This economic activity will generate 85,000 new jobs over the same period.
- In 2014, 21 states and the District of Columbia have state minimum wages above the federal level. Five states took actions in 2013 and 6 so far in 2014 that will increase their minimum wages in the coming years, and 25 or 30 more will consider increases in 2014. Since the \$7.25 wage was implemented in 2009, it has lost 8 percent of its buying power, which is like a \$1,300 pay cut over the year.

**For more information, please visit <http://www.harkin.senate.gov> or contact any of Senator Harkin’s offices in Washington, D.C. or Iowa.**