

# FEDERALISM IN *Action*

## Minimum Wage

As the Great Recession has seen wages stay relatively flat while inflation continued, people around the country increasingly talked about raising the minimum wage. The national government sets a minimum wage, which was increased to \$7.25 in 2009. Many state and local governments around the country see this as too low, and thirty states have adopted higher minimum wages. The highest minimum wage is \$10 in Massachusetts and California, and California passed a law that will gradually increase the minimum wage to \$15 by 2022. Some cities have surpassed their

state's rates, such as Seattle and San Francisco, which are both incrementally increasing their wages to \$15. Minimum wage in the state of Texas is based on the federal minimum of \$7.25 an hour.

In 2003 the Texas Legislature passed a law that prohibited local governments from adopting their own minimum wage. Localities cannot adopt minimum wages for everyone in their district, although some local governments have recently adopted minimum wage laws for their employees. For instance, Bexar County adopted a \$13 minimum wage for all county employees. The city of Austin also has a \$13 minimum wage for its city employees. San Marcos went further, passing a law that requires any business that receives local grant money or local tax breaks to pay a minimum wage of \$15 an hour. San Marcos city manager Jared Miller stated that the goal was to pay people enough so that the city sees a reduction in the number of schoolchildren who receive free or reduced cost lunches, which is currently almost three-fourths of the total school children.<sup>i</sup> San Marcos councilman John Thomaide pointed out that, although San Marcos wants new jobs, if businesses are paying

“poverty-level wages, we’re not going to give [them] subsidies.”<sup>ii</sup> As Texas cities increasingly debate the merits of raising the minimum wage, there will undoubtedly be more related city ordinances.

- What are some arguments in favor of raising the minimum wage? What are arguments against minimum wage?
- Should the national government be able to force states to raise their minimum wage? Should state governments be able to preempt local governments from setting a minimum wage?
- Is tying a minimum wage to state subsidies and tax incentives a good idea?

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i John Austin, “Small Texas city adopts \$15 minimum wage,” February 16, 2016, CNHI News Service, [www.cnhi.com/featured-stories/small-texas-city-adopts-minimum-wage/article.10d9e1a2-d5b1-11e5-926a-13f7cd67e41f.html](http://www.cnhi.com/featured-stories/small-texas-city-adopts-minimum-wage/article.10d9e1a2-d5b1-11e5-926a-13f7cd67e41f.html) (accessed August 5, 2016).

ii Ibid.