



Minimum Wage: Why it Matters Right Now

Core Message

The minimum wage in Virginia has finally gone up for the first time since 2009, thanks to Democratic control of the Virginia General Assembly. Effective May 1, 2021, Virginia's minimum wage rose from \$7.25 to \$9.50 an hour. It is scheduled to incrementally rise to \$15 an hour by 2026. Maintaining Democratic control of the legislature is essential to ensure the minimum wage does reach \$15 per hour, because the final two increases must be reenacted by the General Assembly and Republicans have repeatedly blocked increases to the minimum wage.

Background

The fight between Democrats and the GOP in the Virginia General Assembly over increasing the minimum wage has gone on for years. In 2020, the General Assembly enacted legislation to raise the minimum wage over time to \$15 per hour, and in addition eliminated many exemptions to several categories of employees who were previously exempt from the \$7.25 per hour minimum: persons whose earning capacity is impaired by physical disability, mental illness, or intellectual disability; persons in domestic service; those working for employers with fewer than four employees; and persons normally paid based on the amount of work done. Those workers now must be paid at least the new Virginia minimum hourly wage. Virginia has now joined the 29 other states and Washington, D.C. that have a minimum wage above the \$7.25 federal minimum and will be one of the very few states (9 and D.C.) that now have or will have a \$15 minimum wage.

Key Arguments for Raising the Minimum Wage

When low wage workers receive a pay increase, they are more likely than higher wage earners to spend it, benefiting local economies.

Higher minimum wages do not kill jobs or reduce economic growth. Studies that conclude that higher minimum wages kill jobs have used flawed methodology, such as extrapolating trends in foreign labor markets to the U.S. More sophisticated studies compare the effects in neighboring counties with different minimum wages.

If the minimum wage had kept up with worker productivity, it would now be at least \$21 per hour.

Talking Points

- Democrats raised the minimum wage in VA to \$9.50, effective May 1, 2021 (SB 7, 2020 Session).
- The minimum wage is set to increase to \$13.50 in 2025 and \$15 in 2026 (SB 7, 2020 Session).
- SB 7 (2020 Session) requires that the increases scheduled for 2025 and 2026 will not become effective unless reenacted by the VA General Assembly prior to July 1, 2024.
- Dems must maintain control of the VA General Assembly to ensure a \$15 minimum in 2026.
- Republicans have repeatedly voted against increases to the minimum wage.
- A living wage (based on the MIT Living Wage Calculator) for a VA family of four with two working parents is \$22.33 an hour and for an individual with no children, is \$16.61.
- A living wage supports only the most basic standard of living, perpetuates housing and food insecurity, and does not allow for long-term savings or for the creation of an emergency fund for unplanned expenses.
- A low minimum wage is an important factor driving economic inequality.
- Increasing the minimum wage reduces the racial and gender wage gap.
- Increases in the minimum wage are linked to better mental health and lower suicide rates in low wage workers.
- Employees earning a living wage suffer less from economic anxiety and are less likely to be late, absent, or require monitoring.
- Businesses that pay a living wage have lower staff turnover.

See Local Majority's complete report:

[*Democrats Raise the Minimum Wage*](#)



The Virginia minimum wage does not adequately provide for the housing and food needs of a family in Virginia.

Before the Covid-19 pandemic, 10.7% of Virginians lived in poverty. The pandemic exacerbated poverty as thousands of Virginia families suffered lost wages, food insecurity, and lost housing. The unemployment rate increased significantly from 2.8% in March 2020 to 11.3% in April 2020.

As of 2019, 13% of VA children lived in poverty. Poverty weakens families, traps individuals in their current circumstances, and decreases upward mobility. The effects of poverty are particularly damaging for children. Children who live in families below the poverty line are at greater risk of lower educational attainment, continued reliance on public benefits and incarceration – all of which limit growth and prosperity in Virginia.

Minimum Wage vs Living Wage

A **minimum wage** is set by federal, state, or local governments. It is not directly tied to the federal government's poverty level.

A **living wage** is based on geographic location and includes likely expenses for an individual or family: food, childcare, health insurance, housing, transportation, and other basic necessities (e.g., clothing, personal care items, etc.) as well as income and payroll taxes. It is the wage needed for meeting a person's needs without reliance on public assistance.

“The living wage is the minimum income standard that, if met, draws a very fine line between the financial independence of the working poor and the need to seek out public assistance or suffer consistent and severe housing and food insecurity. In light of this fact, the living wage is perhaps better defined as a minimum subsistence wage for persons living in the United States.” Dr. Amy K. Glasmeier (Created the MIT Living Wage Calculator in 2004)

See Appendix A

Page 3 for Virginia House district-specific poverty and living wage data



Appendix A

Minimum Wage vs Living Wage*

Virginia House District Poverty and Living Wage Data (MIT living wage calculator)

Incumbent/ Candidate	VA Minimum Wage (as of May 1, 2021)	Living Wage 1 Adult, 0 children	Living Wage 2 Adults, 2 children	Federal Poverty level
Deb Gardner, HD 27	\$9.50	\$15.95	\$21.10	Chesterfield County 7.6%
Joshua Cole, HD 28	\$9.50	\$19.92	\$24.19	Stafford County 5.4%
Paul Siker HD 33	\$9.50	\$19.92	\$26.56	Loudoun County 3.6%
		\$15.09	\$20.71	Frederick County 7.0%
		\$19.92	\$22.13	Clarke County 6.5%
Briana Sewell, HD 51	\$9.50	\$19.92	\$24.90	Prince William County 6.4%
Katie Sponsler, HD 66	\$9.50	\$15.95	\$21.10	Chesterfield County 7.6%
		\$15.95	\$21.10	Parts of Colonial Heights 13.5%
Roslyn Tyler, HD 75	\$9.50	\$13.49	\$19.58	Greensville County 26.7%
		\$13.49	\$19.45	Emporia City 29%
Jeffrey Feld, HD 81	\$9.50	\$16.33	\$21.65	VA Beach City 7.6%
		\$16.33	\$21.49	Chesapeake City 9.0%
Nancy Guy, HD 83	\$9.50	\$16.33	\$21.65	Parts of VA Beach City 7.6%
		\$16.33	\$21.13	Parts of Norfolk City 19.7%
Alex Askew, HD 85	\$9.50	\$16.33	\$21.65	VA Beach City 7.6%
Finale Norton, HD 100	\$9.50	\$13.35	\$18.21	Accomack County 7.3%
		\$13.64	\$19.09	Northampton County 18.8%
		\$16.33	\$21.49	Parts of Norfolk City 19.7%

* A living wage is the amount of money a family needs to provide basic expenses, and not rely on public assistance.

Poverty rates by counties and cities:

<https://www.indexmundi.com/facts/united-states/quick-facts/virginia/percent-of-people-of-all-ages-in-poverty#map>

MIT Living Wage Calculator:

<https://livingwage.mit.edu/states/51>