

Insights, News & Events

DÉJÀ VU ALL OVER AGAIN: MASSACHUSETTS BILL WOULD INCREASE THE MINIMUM WAGE EVEN MORE

Insights
Apr 26, 2023

Massachusetts enacted a five-year plan in 2018 to increase the minimum wage. The plan, which resulted from a “grand bargain” between employee advocates and the business community, carried significant implications for Massachusetts employers — namely an increase in the minimum wage to \$15.00 and a mandatory paid family and medical leave statute. Now, the possibility of another round of mandatory wage increases looms. What do Massachusetts employers need to know about this proposed law?

Background

In January, Massachusetts completed the final wage increase under the “[grand bargain](#),” raising the minimum wage to \$15.00 — a 36% increase from the \$11.00 per hour rate in 2018. Without delay, Democrats have already introduced [legislation](#) that would impose yet another round of wage increases — which would be even steeper than the last.

The proposed legislation comes at a time when the tension between employee advocates and the state’s business community is as high as ever, given that employees and businesses alike are struggling to recover from the impacts of COVID-19 and economic uncertainty.

Minimum Wage Up, Consumer Price Index In

Over the next four years, the proposed law would dramatically increase the minimum wage from the current

Related People



Joshua D. Nadreau

Regional Managing Partner
and Vice Chair, Labor
Relations Group

[617.722.0044](tel:617.722.0044)

Service Focus

[Wage and Hour](#)

Related Offices

[Boston](#)

\$15.00 to \$20.00 per hour, with annual increases of \$1.25 per hour. Likewise, the “service rate” for tipped workers would increase from \$6.75 to \$12.00 per hour.

Date	Minimum Wage	Tip
January 1, 2024	\$16.25	\$7.9
January 1, 2025	\$17.50	\$9.1
January 1, 2026	\$18.75	\$10
January 1, 2027	\$20.00	\$12
January 1, 2028 and beyond	Determined by Consumer Price Index	60% Min

Beginning in 2028, the minimum wage would automatically increase based on the U.S. Department of Labor’s Consumer Price Index (CPI) for urban wage earners, to account for inflation. Increases to minimum wage based on CPI or other economic indicators is becoming increasingly common, with 12 states and the District of Columbia already doing so. These automatic increases can be problematic for at least two reasons:

1. They remove increases to minimum wage from the political process and deprive the public of informed debate on the subject. Legislatures are no longer responsible for increases, as they will occur automatically without any legislative action. Thus, the citizenry has no meaningful way of participating in decisions on whether to increase the minimum wage.
2. Automatic increases tied to inflation are impossible to predict and may lead to further inflationary pressure. Many employers are already struggling to get by and adding unpredictable cost increases into the mix may be devastating. This is especially true under this bill, which

gives employers only three months' notice of an impending increase.

What Should Employers Do?

This bill is far from passing and remains in legislative committee. For now, the proposed wage increases are not guaranteed.

In anticipation of the bill's potential passage, however, employers should begin thinking about what they would need to do to remain in compliance with the law and competitive in the marketplace. For instance, employers should evaluate their employees' pay and work schedules to ensure that, if the minimum wage increases, they are prepared to shoulder the burden of these additional costs.

Employers are also encouraged to work with their local representatives and trade associations to hopefully reach a reasonable compromise on this issue.

Conclusion

We will continue to monitor the status of this legislation and provide updates if additional action is taken. If you have any questions about these developments or how they may affect your business, please contact your Fisher Phillips attorney, the author of this Insight, or any attorney in our [Boston](#) office.

The author would like to thank Law Clerk [Anna Olsson](#) for her significant contributions to this Insight.