



Minimum-Wage Initiatives Further Disfavor Nationwide Action

Insights

11.08.14

Earlier this week, several states and localities voted in favor of increasing their minimum-wage rates. Right on cue, many (including U.S. Labor Secretary Perez) seized upon these results as ostensibly supporting an increase in the federal Fair Labor Standards Act's rate to \$10.10.

On the contrary, the developments emphasize that no such nationwide action is either wise or warranted.

Different Areas, Different Views

The actual details of what occurred (as opposed to generalities about voting margins and states' political leanings) reveal why leaving the matter to localized action is far more appropriate. For example, *all* of the states involved passed rates *lower* than the proposed FLSA level:

- Alaska: \$9.75 (by January 2016)
- Arkansas: \$8.50 (by January 2017)
- Nebraska: \$9.00 (by January 2016)
- South Dakota: \$8.50 (by January 2015)

Furthermore, note that there is significant variation among these states as to *when* the rates will become effective.

On the other hand, two cities voted in favor of levels much *higher* than that sought under the FLSA:

- San Francisco, California: \$15.00 (but not until July 2018)
- Oakland, California: \$12.25 (by March 2015)

But last reports indicated that voters in Eureka, California have soundly rejected a measure to raise the rate there to \$12.00.

The Bottom Line

Whatever one thinks about the wisdom of having *any* minimum wage, or about whether there really is a groundswell of public enthusiasm for higher rates, these substantial disparities *even among supporters* demonstrate that the one-size-fits-all, top-down, Washington-knows-best approach embodied in the FLSA is no longer the way to go.

embodied in the FLSA is no longer the way to go.

Instead, voters and officials in states and localities are much better placed to judge on the basis of their own economies and other circumstances whether, by how much, and when to take such action. If one jurisdiction or another makes a poor choice, then at least the effects will be limited to those who made it.