

No Reason to Re-Debate Minimum Wage in 2022

Virginia's scheduled minimum wage increases are in line with other states, will draw workers into the labor market, and will improve the lives of working adults

Low unemployment rates and high numbers of job openings argues for raising wages to draw people into the labor market

- Few Virginians are having trouble finding a job. Virginia's November unemployment rate of 3.4% is significantly below the national average of 4.2%.
- To keep making progress in increasing employment, more people must be encouraged to enter and stay in the job market.
 - 82,600 more people were working in Virginia in November 2021 than in November 2020, even as 11,800 people left the labor market.
 - Nationally, there were 11 million job openings in October, including 4.3 million in the south region that includes Virginia. By comparison, there are just 3.3 million unemployed people in the U.S. as a whole.

Increases in costs for housing, gas, and other necessities makes increasing the minimum wage more necessary

Most people whose wages will nominally increase from the minimum wage boost are working adults who face rising costs for necessities.

- Recent increased inflation in the cost of necessities such as food at home (6.4%), gas (58%), and rent (3%) make increasing the minimum wage more important.

Wage stagnation early in the pandemic means that despite recent inflation, current wage levels are in line with prior expectations

In January 2020, the Congressional Budget Office predicted that private-sector wages and salaries would increase 3.6% each year over the next two years. However, slow wage growth early in the pandemic means that more recent increases have only been enough to raise private-sector wages and salaries to the level expected in January 2020.



Prepared by:
Laura Goren, Research Director
laura@thecommonwealthinstitute.org

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The scheduled 2023 increase will raise wages for only a small share of Virginia workers, but will make a big difference in their lives

- The increase in the minimum wage to \$12 an hour in 2023 was expected to raise wages for 2.4% of people working in Virginia.
- Working people in Virginia who will benefit from the increase to \$12 an hour in 2023 from \$11 an hour in 2022 are almost all adults and most are working full-time. Specifically:
 - 9 out of 10 are age 20 or older
 - 5 out of 10 are people of color
 - 6 out of 10 are women
 - 7 out of 10 work at least 35 hours a week

Virginia's minimum wage path is typical

- Virginia's minimum wage after the increase to \$12 in 2023 will be similar to or below that of our peer states.
 - In 17 states, including Arizona, Colorado, Maine, and Missouri, the minimum wage will be at least \$12 an hour by January 1, 2023. Florida will join on September 30, 2023.
- 25 states and 56 local governments will raise their minimum wage in 2022.

Legislators built in a pause and check-point, with only inflation adjustments after \$12/hour unless the legislature acts

Date	Virginia minimum wage
January 1, 2022	\$11.00
January 1, 2023	\$12.00
<i>If no legislation:</i>	<i>Assuming 3% inflation per year</i>
January 1, 2025	\$12.36
January 1, 2026	\$12.63



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