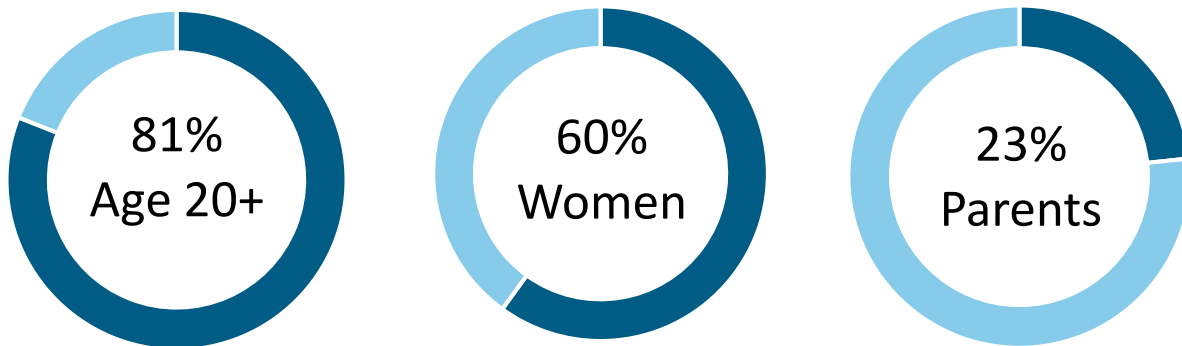


The Effects of a \$10 Minimum Wage in 2016

By Nicole Rodriguez

When the minimum wage increases to \$10 an hour on January 1st, 450,000 working people in the Commonwealth will see modest increases in their paychecks and greater economic security for their families.¹ There are nearly 180,000 children in households that will be better off because of this pay raise. Local businesses will likely see increased purchases as the minimum wage increase will raise wages overall by about \$328 million in 2016. This increase is the second phase of a three-step increase approved by the state Legislature last year in response to a ballot question proposed by grassroots groups, faith-based organizations, and labor unions. Once fully phased-in to \$11 an hour in 2017, roughly 540,000 workers will see their wages rise.

Quick facts about these workers include:



Economic Policy Institute Analysis of Current Population Survey, Outgoing Rotation Group public use microdata, 2014

Additionally, the tipped minimum wage is set to increase slightly from \$3.00 to \$3.35 on January 1, 2016 (and to \$3.75 by 2017). If the combined total of a worker's wages and tips does not equal the regular minimum wage, then employers are required to make up the difference. (For more information about the tipped minimum wage see [The Steep Decline in the Employer Share of Tipped Workers' Wages.](#))

As of January 1, 2016, Massachusetts, along with California, will have the highest state minimum wage in the country. Some cities have higher local minimum wages. For instance, Washington, D.C. is set to increase its minimum wage for all workers to \$11.50 an hour in 2016. And Berkeley, California will raise its minimum wage from \$11 an hour to \$12.53 in 2016. Around the country, there are a growing number of states and jurisdictions considering proposals to raise their minimum wages to \$15 an hour.²

¹ Estimates relating to the number of people affected by the increased minimum wage include those directly and indirectly affected. Directly affected workers are those with wages below \$10 an hour who will receive an automatic pay increase. Indirectly affected workers are those who earn slightly above \$10 per hour whose wages will increase somewhat as pay scales rise in response to the minimum wage increase.

² National Employment Law Project, [\\$15 Laws & Current Campaigns.](#)