

RAISE *the* WAGE

SECTION BY SECTION

The Raise the Wage Act of 2021 (H.R. 603)

Section 1. Short Title

The *Raise the Wage Act of 2021* (the Act).

Section 2. Minimum Wage Increases

Federal Minimum Wage. The Act increases the federal minimum wage (“6(a)(1) wage”) for employees over a five-year period. In the first year (2021), the federal minimum wage will increase by \$2.25 from \$7.25 to \$9.50 per hour. This increase will occur on the first day of the third month that begins after the date of enactment of the Act (the effective date). One year after the effective date, the minimum wage will increase by \$1.50 to \$11.00; two years after the effective date it will increase by \$1.50 to \$12.50; three years after the effective date, it will increase by \$1.50 to \$14.00; four years after the effective date, it will increase by \$1.00 to \$15.00 (2025).

Annual Indexing of Minimum Wage Based on Median Wages. Five years after the effective date, and each subsequent year, the minimum wage will increase based on the percentage increase, if any, in the median hourly wages of all employees. The Secretary of Labor, through the Bureau of Labor Statistics (BLS), will calculate this change by compiling data on the hourly wages of all employees.

Section 3. Tipped Employees

The Act increases the tipped wage from \$2.13 to \$4.95 in 2021. For each succeeding year, the Act increases the tipped wage by the lesser of either \$2.00 or the difference between the tipped wage and the 6(a)(1) wage. Once the tipped wage reaches the 6(a)(1) wage (2027), the Act eliminates the tipped wage by stipulating that the tipped wage will be the 6(a)(1) wage.

Section 4. Newly Hired Employees Who Are Less than 20 Years Old

The Act increases the youth minimum wage, which employers may currently pay to individuals under 20 years of age for the first 90 calendar days of employment, from \$4.25 to \$6.00 in 2021. Each subsequent year, the Act increases the youth minimum wage by the lesser of either \$1.75 or the difference between the youth minimum wage and the 6(a)(1) wage. Once the youth minimum wage reaches the 6(a)(1) wage (2027), the Act eliminates the youth minimum wage by stipulating that the youth minimum wage will be the 6(a)(1) wage.

Section 5. Publication of Notice of Changes to the Minimum Wage

The Act requires the Secretary of Labor to publish in the Federal Register and on the Department of Labor’s website announcements of the increases in the 6(a)(1), tipped, 14(c), and youth wages sixty days prior to each effective date.

Section 6. Promoting Economic Self-Sufficiency for Individuals with Disabilities

The Secretary will discontinue issuing 14(c) certificates on the date of enactment of the Act. Existing 14(c) certificate holders will be permitted to continue using their subminimum wage certificates for five years after enactment. Certificate holders will increase the hourly wages paid to individuals with disabilities who are being paid subminimum wages pursuant to 14(c) on the following schedule: beginning when the 6(a)(1) wage takes effect (the effective date), the subminimum wage paid shall be at least \$5.00; one year after the effective date, the subminimum wage paid shall be at least \$7.50; two years after the effective date, the subminimum wage paid shall be at least \$10.00; three years after the effective date, the subminimum wage paid shall be at least \$12.50; and four years after the effective date, the subminimum wage paid shall be at least \$15.00. Five years after the effective date, the subminimum wage paid to 14(c) covered employees must be the same as the 6(a)(1) wage. During the five years of transition to the 6(a)(1) wage, the Secretary of Labor shall, upon request, assist certificate holders with compliance and continuing employment opportunities for individuals with disabilities.

Section 7. General Effective Date

Unless otherwise provided for in the Act, the amendments made by the Act take effect on the first day of the third month that begins after the date of enactment.

Appendix: Scheduled Minimum Wages Increases

<i>Scheduled Minimum Wages Increases Under the Raise the Wage Act of 2021</i>				
Year	Minimum Wage	Tipped Wage	Youth Wage	14(c) Wage
Current	\$7.25	\$2.13	\$4.25	Subminimum Wages
2021	\$9.50	\$4.95	\$6.00	\$5.00
2022	\$11.00	\$6.95	\$7.75	\$7.50
2023	\$12.50	\$8.95	\$9.50	\$10.00
2024	\$14.00	\$10.95	\$11.25	\$12.50
2025	\$15.00	\$12.95	\$13.00	\$15.00
2026	Index to Median Wages	\$14.95	\$14.75	Equal to Standard Minimum Wage
2027		Equal to Standard Minimum Wage	Equal to Standard Minimum Wage	