

# SECTION BY SECTION

## Raise the Wage Act of 2021

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### **Section 1. Short Title**

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

### **Section 2. Minimum Wage Increases**

*Federal Minimum Wage.* The Act gradually increases the federal minimum wage for employees. 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; Five years after the effective date (2026), the minimum wage will be indexed to median wages. This document cites this minimum wage as the “6(a)(1) wage.”

*Annual Indexing of Minimum Wage Based on Median Wages.* Five years after enactment, 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**

*Tipped Wages.* 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 in 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**

*Youth Wages.* The Act increases the minimum wage for youth under age 20 years from \$4.25 to \$6.00 in 2021. Each subsequent year, the Act increases the youth wage by the lesser of either \$1.75 or the difference between the youth wage and the 6(a)(1) wage. Once the youth wage reaches the 6(a)(1) wage in 2027, the Act eliminates the youth wage by stipulating that the youth wage will be the 6(a)(1) wage.

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

The Secretary shall publish in the Federal Register and on its 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**

*Subminimum Wage Certificates 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 six 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: on the effective date, the subminimum wage paid shall be at least \$5.00; one years 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.

**Appendix: Scheduled Minimum Wage Increases**

<b>YEAR</b>	<b>Minimum Wage</b>	<b>Tipped Wage</b>	<b>Youth Wage</b>	<b>14(c)</b>
<b>2020</b>	\$7.25	\$2.12	\$4.25	Subminimum Wage
<b>2021</b>	\$9.50	\$4.95	\$6.00	\$5.00
<b>2022</b>	\$11.00	\$6.95	\$7.75	\$7.50
<b>2023</b>	\$12.50	\$8.95	\$9.50	\$10.00
<b>2024</b>	\$14.00	\$10.95	\$11.25	\$12.50
<b>2025</b>	\$15.00	\$12.95	\$13.00	\$15.00
<b>2026</b>	Index to median wages	\$14.95	\$14.75	Standard MW & index moving forward
<b>2027</b>		Standard MW & index moving forward	Standard MW & index moving forward	