



Economic Equity Policy Priority Brief

Living Wage

What is a Living Wage?

A “living wage” is the minimum income needed for an individual to meet their basic needs, including housing, utilities, food, healthcare, transportation, childcare, and other essential expenses. Unlike minimum wage, which is set by law and often doesn’t reflect the actual cost of living, a living wage is calculated based on the specific cost of living in a particular area and aims to provide a standard of living that allows people and their families to live with dignity and participate fully in society.

Our current federal minimum wage does not provide a living wage for most American families. For that reason, it will be covered in this brief as well as discussions on a living wage. For some years now, some policymakers have sought to increase minimum wage laws at both the federal and state levels. Currently, the federal minimum wage is fixed at \$7.25 an hour, a number that has not shifted since 2009.

At the federal level, the momentum to raise the minimum wage involves the [Raise the Wage Act of 2023](#), an effort in the U.S. Congress to increase the federal minimum wage from the current level in annual increments over five years to \$17 per hour; however, this required enacting [this legislation](#) enacted in April 2024 and reaching the \$17 target by July 2029. [Analysis](#) related to this proposed increase demonstrates that once this federal law is fully implemented not only would nearly 28 million workers (27,858,000, specifically), or 19 percent of the U.S. workforce, be affected, this wage increase would generate an additional \$86 billion in wages for the nation’s lowest-paid workers, or an annual [\\$3,100 increase](#) per average worker.

Living Wage in the South

As of 2022, five of the 10 states with the [highest percentage](#) of workers paid hourly rates with earnings at or below minimum wage were Southern states, with Louisiana leading at 2.8%. (The other four states were Mississippi, North Carolina, Tennessee, and South Carolina). While the cost of living in the South is significantly less than it may be in states such as Massachusetts, Hawaii, and California (which rank as the states where it is the most expensive to live comfortably), [studies](#) have shown that even in West Virginia, an hour wage needed for a single

working adult to live comfortably is \$37.88, over four times more than the \$8.75 minimum wage set by that state in 2016.

How Can Establishing a Living Wage Advance Equity in the South?

Establishing a living wage in the South can significantly advance economic equity in the region by reducing poverty and income inequality, particularly in historically marginalized and underserved communities. Higher wages guarantee that workers can meet their basic needs and improve their quality of life and promote economic mobility and sustainability. Research shows that living wages can reduce poverty rates and close the income gap between low-wage workers and higher-income earners, fostering a more equitable distribution of wealth.

A living wage also enhances the overall well-being of workers and stimulates local economies. Workers earning a living wage are more likely to afford healthcare, nutritious food, and safe housing, which leads to better health outcomes and reduced stress levels. Increased earnings also boost consumer spending and provide more support for local businesses and make a contribution to economic growth. Studies reveal that businesses that pay a living wage benefit from low employee turnover, higher productivity, and improved employee morale, which can offset the higher wage costs because of the inherent savings realized by keeping good people around for a longer period of time. The work that they do every day becomes an investment of their time and talent and not just a job.

The implementation of a living wage also helps to address the systemic and historical inequities that have plagued this region for decades by providing economic opportunities to marginalized populations who have been disproportionately affected by low wages. Additionally, living wage implementation can strengthen communities by reducing crime rates and enhancing civic engagement. For example, local governments can adopt living wage ordinances, and businesses can incorporate living wages into their corporate responsibility initiatives, thereby contributing to a more just and equitable society.

Legislative Efforts Related to Living Wage

For the 2024 legislative session, only Kentucky saw legislation introduced that sought to establish a living wage. House Bill 128 would have required any employer doing business in Kentucky that receives governmental incentives or subsidies to pay its employees a living wage. The legislation was not enacted into law.

“Living wage” was defined in the legislation as a wage level equivalent to or greater than at least 130% of the poverty level for the county in which the employee is physically located for his or her employment.

South Carolina, Virginia, Georgia, Mississippi, West Virginia, Louisiana, and Tennessee all saw several pieces of legislation filed this year related to raising the state minimum wage at varying

rates from \$10.00 per hour to as high as \$20.00 per hour. None of these bills were enacted into law.