

Policy Blueprint to Raise the Minimum Wage to \$20/hour in Texas

Raising the minimum wage in Texas requires a clear legal pathway, credible budget math, phased implementation, and protections for small businesses. Below is a practical plan grounded in recent Texas examples and scalable to statewide policy.

Legal Pathway in Texas

- **State legislation:** Primary route is passing a bill to set a statewide minimum wage floor and indexing it annually. Texas currently defaults to the federal \$7.25; a state bill would supersede that floor across sectors.
- **Local precedent:** Harris County voted to raise its minimum wage for county employees to \$20 and set \$21.65 for contractors, taking effect in 2025 with an estimated \$5.4 million cost. This shows feasibility for large jurisdictions and contractor standards, and provides model language for indexing to a living-wage benchmark.
- **Contractor standards (interim step):** Counties and cities can adopt living wage standards for vendors and service contracts even before statewide action, as Harris County did.

Phased Implementation Options

Phase	Covered Workers	Wage Floor	Timeline	Indexing
Phase 1	Public sector + all state/county contracts	\$20	Year 1	Annual living-wage index (MIT model)
Phase 2	Large private employers (≥ 250 employees)	\$18 \rightarrow \$20	Years 1–2	CPI or living-wage index
Phase 3	All employers	\$16 \rightarrow \$18 \rightarrow \$20	Years 1–3	CPI or living-wage index thereafter

Sources: Harris County’s \$20 for county employees, \$21.65 for contractors; proposal to index annually to the MIT Living Wage model.

Budget and Economic Considerations

- **Public sector fiscal impact:** Harris County’s increase cost about \$5.4 million and affected ~5% of its workforce, providing a reference point for scoping costs by headcount and current pay distribution.
 - **Small business support:**
 - Targeted tax credits or grants for firms under a revenue/employee threshold during Phase 2–3.
 - Procurement preference for compliant vendors to offset transition costs.
 - Technical assistance to improve scheduling, reduce turnover, and boost productivity (lowering net cost of higher wages).
 - **Indexing to maintain value:** Index the wage annually to CPI or a living-wage model (Harris County considered MIT’s living wage benchmark), avoiding repeated legislative fights and wage erosion.
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Compliance and Enforcement

- **Clear definitions:** Standardize “employee,” “covered employer,” “contractor,” and “subcontractor” to avoid loopholes.
 - **Gradual penalties:** Start with warnings and remediation, then civil penalties; protect workers from retaliation.
 - **Data and transparency:** Require annual public reporting on compliance rates, turnover, and wage distribution to monitor impacts and adjust.
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Messaging Pillars (Policy-Focused)

- **Work pays:** A full-time job should meet basic costs; \$20/hour moves closer to a living wage as shown by Harris County’s benchmark and actions.
- **Cost discipline:** Phased rollouts and indexing give employers predictability; small business supports cushion transitions.

- **Public accountability:** Publish outcomes—turnover, training, and service quality—to demonstrate ROI over time.
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Immediate Steps

1. Draft bill text with: phased schedule, indexing method, contractor standards, small business supports, enforcement.
2. Line-item estimate using local payrolls and the Harris County cost ratio as a starting benchmark for public-sector portions.
3. Stakeholder table: chambers, labor, hospitals, school districts, major employers—secure phased commitments and pilot projects.
4. Model contracts for counties/cities to adopt living-wage clauses now, referencing Harris County's approach.