



National  
Urban League



# MINIMUM WAGE

## Fair Pay for African American Women Requires a Fair Minimum Wage

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*Millions of workers—mostly women and disproportionately women of color—struggle to make ends meet on minimum wage earnings. The Raise the Wage Act would increase the federal minimum wage from \$7.25 to \$12.00 per hour by 2020, then index it to keep pace with wages overall. The bill would also eliminate the federal minimum cash wage for tipped workers—which has been frozen at just \$2.13 per hour for nearly 25 years—by gradually raising it until it is equal to the regular minimum wage. **Establishing one fair minimum wage is a key step toward fair pay for African American women.***

### African American women and their families need a raise.

- African American women are disproportionately represented in jobs that pay at or below minimum wage: African American women are 9.8 percent of minimum wage workers,<sup>1</sup> compared to 6.1 percent of all workers.<sup>2</sup>
- African American women are more likely than white, non-Hispanic women to head families,<sup>3</sup> and they face a particularly high risk of poverty. In 2013, one-quarter (25.3 percent) of African American women lived in poverty—more than twice the share of white, non-Hispanic women and over three times the share of white, non-Hispanic men who lived in poverty. Nearly half of African American single-mother families lived in poverty in 2013 (compared to 31.6 percent of white, non-Hispanic single-mother families).<sup>4</sup>
- In a study from the Institute for Women's Policy Research focused on economic insecurity after the Great Recession, 31 percent of African American women reported having a “somewhat difficult” or “very difficult” time paying for food for their families; 52 percent of African American women reported difficulty paying monthly utility bills; and 33 percent of African American women said they had problems paying their rent or mortgage in the year prior to the study.<sup>5</sup>

### Who Are Minimum Wage Workers?

- **Women—especially African American women.** Women are nearly two-thirds of minimum wage workers<sup>6</sup> and two-thirds of tipped workers.<sup>7</sup> African American women's share of the minimum wage workforce is more than 1.5 times their share of the overall workforce.<sup>8</sup> **Over 3.1 million working African American women—37 percent of all working African American women—would get a raise if the minimum wage rose to \$12.00 per hour by 2020.**<sup>9</sup>
- **Adults.** Over half of women earning the minimum wage are age 25 or older.<sup>10</sup> **Among African American men and women who would get a raise under the Raise the Wage Act, 71 percent are at least 25 years old.**<sup>11</sup>
- **Parents.** Of the workers who would benefit from raising the minimum wage to \$12.00 per hour, more than a quarter have children; among affected African American workers, three in ten are parents. **Nearly two in five working African American mothers—and more than two in five single working African American mothers—would get a raise under the Raise the Wage Act.**<sup>12</sup>

### The federal minimum wage is a poverty wage.

- The federal minimum wage reached its peak level in 1968. Since then, Congress has raised the minimum wage only five times, and its value has dramatically eroded: at \$7.25 per hour, the minimum wage is worth 24 percent less today than it was in 1968.<sup>13</sup>
- A woman working full time at minimum wage earns just \$14,500 annually, more than \$4,500 below the poverty line for a mother with two children.<sup>14</sup>
- The federal minimum cash wage for tipped workers is \$2.13 per hour, unchanged since 1991. Tipped workers experience poverty at nearly double the rate of the workforce as a whole.<sup>15</sup>

### Increasing the minimum wage to \$12.00 per hour would boost wages for millions of African American women, helping them support themselves and their families.

- If the federal minimum wage and tipped minimum wage were to rise to \$12.00 an hour, annual earnings for a full-time minimum wage worker would increase by \$9,500—and base annual earnings for a full-time tipped worker currently earning \$2.13 per hour would increase by \$19,740—to \$24,000, enough to lift a family of three out of poverty.<sup>16</sup>
- The Economic Policy Institute estimates that if the minimum wage were increased to \$12.00 per hour by 2020, more than 35.0 million workers would get a raise.<sup>17</sup> The majority of these workers are women, including more than 3.1 million African American women.<sup>18</sup> More than one-third of African American working women (36.8 percent) would see a raise, compared to three in ten working women overall (29.6 percent).<sup>19</sup>
- About 30 percent of African American workers who would benefit if the minimum wage rose to \$12.00 per hour by 2020 are parents, including nearly 1.2 million African American mothers—representing 37.2 percent of all working African American women with children under 18. More than two in five single working African American mothers (44.6 percent) would get a raise.<sup>20</sup> On average, African American parents who would get a raise earn 71.9 percent of family income.<sup>21</sup>

### Raising the minimum wage would help close the wage gap.

- In 2013, women working full time, year round were paid only 78 cents for every dollar paid to their male counterparts—and the wage gap was much wider for women of color. African American women working full time, year round made only 64 cents for every dollar paid to their white, non-Hispanic male counterparts.<sup>22</sup> This gap is due, in part, in the high concentration of women, particularly African American women, in service occupations that pay very low wages.<sup>23</sup>
- Even in occupations that pay low wages, men still outearn women. In the low-wage workforce, African American women working full time, year round are typically paid just 73 cents for every dollar their white, non-Hispanic male counterparts are paid and 96 cents for every dollar their African American male counterparts are paid.<sup>24</sup>
- Since women are the majority of minimum wage workers, increasing the minimum wage could help close the wage gap.<sup>25</sup> The average wage gap in states with a minimum wage at or above \$8.00 is 22 percent smaller than the average wage gap in states with a \$7.25 minimum wage.<sup>26</sup> In states where employers have to pay their tipped workers the regular minimum wage before tips, the average wage gap is 14 percent smaller than the average wage gap in states with a \$2.13 tipped minimum cash wage.<sup>27</sup>

- 1 NWLC calculations based on Bureau of Labor Statistics (BLS), Characteristics of Minimum Wage Workers, 2014, *available at* <http://www.bls.gov/opub/reports/cps/characteristics-of-minimum-wage-workers-2014.pdf> [hereinafter BLS Min. Wage Characteristics] (Table 1). The term “minimum wage workers” refers to workers making the minimum wage or less.
- 2 NWLC calculations based on BLS, Current Population Survey (CPS), 2014 Annual Averages, Table 3, <http://www.bls.gov/cps/cpsaat03.htm> (last visited July 7, 2015).
- 3 NWLC calculations from U.S. Census Bureau, CPS, 2014 Annual Social and Economic Supplement (ASEC), Table POV-04, <http://www.census.gov/hhes/www/cpstables/032014/pov/toc.htm> (last visited June 12, 2015). In 2013, 51.7 percent of African American families with children were headed by single women; among white, non-Hispanic families, 19.1 percent of families with children were headed by single women.
- 4 Joan Entmacher et al., NWLC, *Insecure and Unequal: Poverty Among Women & Families 2000-2013* (2014), *available at* [http://www.nwlc.org/sites/default/files/pdfs/final\\_2014\\_nwlc\\_poverty\\_report.pdf](http://www.nwlc.org/sites/default/files/pdfs/final_2014_nwlc_poverty_report.pdf).
- 5 Jeff Hayes & Heidi Hartmann, IWPR, *Women and Men Living on the Edge: Economic Insecurity After the Great Recession*, at 22, 36-37 (Sept. 2011) (Tables 4.3, 4.8, 4.9), IWPR/Rockefeller Survey of Economic Security, *available at* <http://www.iwpr.org/initiatives/iwpr-rockefeller-report/rockefeller-publications>.
- 6 NWLC calculations based on BLS Min. Wage Characteristics, *supra* note 1 (Table 1). This is true for both those 16 and older (63 percent) and 25 and older (65 percent).
- 7 Sylvia A. Allegretto & David Cooper, EPI & Ctr. on Wage & Employment Dynamics, Univ. of Ca., Berkeley, *Twenty-Three Years and Still Waiting for Change*, at 3 (July 2014), *available at* <http://s2.epi.org/files/2014/EPI-CWED-BP379.pdf>.
- 8 *Supra* notes 1 and 2.
- 9 EPI, *Data Tables: Raising the Minimum Wage to \$12 by 2020 Would Lift Wages for 35 Million Workers* (May 2015), *available at* <http://www.epi.org/publication/data-tables-raising-the-minimum-wage-to-12-by-2020-would-lift-wages-for-35-million-workers/> (Table 2C).
- 10 NWLC calculations based on BLS Min. Wage Characteristics, *supra* note 1 (Table 7). Fifty-four percent of female minimum wage workers are 25 or older.
- 11 EPI, *supra* note 9 (Table 2C).
- 12 *Id.* (Tables 2A & 2C).
- 13 EPI, *It’s Time to Raise the Minimum Wage* (Apr. 2015), *available at* <http://www.epi.org/publication/its-time-to-raise-the-minimum-wage/>. Figure compares the minimum wage in 1968 and 2014.
- 14 U.S. Census Bureau, *Poverty Thresholds for 2014*, <https://www.census.gov/hhes/www/poverty/data/threshld/index.html> (last visited Apr. 23, 2015). The poverty line in 2014 for a mother and two children is \$19,073. Throughout this analysis NWLC calculations regarding full-time earnings assume 40 hours per week, 50 weeks per year.
- 15 Allegretto & Cooper, *supra* note 7, at 1, 13, 23.
- 16 *Supra* note 14. Twenty-four thousand dollars is above both today’s poverty line for a family of three (\$19,073) as well as the estimated poverty line for 2020, which NWLC calculates to be less than \$22,000 based on the Congressional Budget Office’s predictions regarding the CPI-U (the inflation measure used to increase the Census Bureau’s poverty thresholds annually) for 2015 through 2020.
- 17 EPI, *supra* note 9 (Table 2A).
- 18 *Id.* (Table 2C).
- 19 *Id.* (Tables 2A and 2C).
- 20 *Id.* (Table 2C). By comparison, among white, non-Hispanic women, 21.3 percent of all working mothers and 33.3 percent of working single mothers would get a raise. *Id.* (Table 2B).
- 21 *Id.* (Table 2C).
- 22 Entmacher et al., *supra* note 4. In addition to raising the minimum wage, numerous other factors that affect the wage gap need to be addressed. For a thorough discussion of the wage gap, what causes it, and how to close it, see NWLC, *50 Years & Counting: The Unfinished Business of Achieving Fair Pay* (June 2013), *available at* <http://www.nwlc.org/resource/50-years-counting-unfinished-business-achieving-fair-pay>.
- 23 IWPR, *The Gender Wage Gap by Occupation 2014, and by Race and Ethnicity*, at 6 (Apr. 2015), *available at* <http://www.iwpr.org/publications/pubs/the-gender-wage-gap-by-occupation-2014-and-by-race-and-ethnicity>. African American working women are more overrepresented in the service sector than white or Asian women and all groups of men. Only working Latinas are more overrepresented.
- 24 NWLC calculations from U.S. Census Bureau, CPS, 2014 ASEC, using Miriam King et al., *Integrated Public Use Microdata Series: Version 5.0* [Machine-readable database], Minneapolis: Univ. of Minnesota, 2010. Data are for full-time, year-round workers in occupations that typically pay \$10.50 per hour or less. (\$10.50 in 2014 is roughly equivalent to \$12.00 in 2020. See David Cooper et al., EPI, *We Can Afford a \$12.00 Federal Minimum Wage in 2020* (Apr. 2015), *available at* <http://www.epi.org/publication/we-can-afford-a-12-00-federal-minimum-wage-in-2020/>.)
- 25 A higher minimum wage generally would narrow the wage distribution, effectively narrowing the wage gap. See Nicole M. Fortin & Thomas Lemieux, *Institutional Changes and Rising Inequality*, 11 J. Econ. Perspectives 75, 78 (1997), *available at* [https://www.aeaweb.org/atypon.php?return\\_to=/doi/pdfplus/10.1257/jep.11.2.75](https://www.aeaweb.org/atypon.php?return_to=/doi/pdfplus/10.1257/jep.11.2.75). See also Francine D. Blau & Lawrence M. Kahn, *Gender Differences in Pay*, 14 J. Econ. Perspectives 75, 93 (2000), *available at* [http://econ2.econ.iastate.edu/classes/econ321/orazem/blau\\_wages.pdf](http://econ2.econ.iastate.edu/classes/econ321/orazem/blau_wages.pdf).
- 26 Julie Vogtman & Katherine Gallagher Robbins, NWLC, *Higher State Minimum Wages Promote Fair Pay for Women* (May 2015), *available at* [http://www.nwlc.org/sites/default/files/pdfs/higher\\_state\\_minimum\\_wages\\_promote\\_fair\\_pay\\_for\\_women\\_may\\_2015.pdf](http://www.nwlc.org/sites/default/files/pdfs/higher_state_minimum_wages_promote_fair_pay_for_women_may_2015.pdf). Figures are for 2013.
- 27 Katherine Gallagher Robbins et al., NWLC, *States with Equal Minimum Wages for Tipped Workers Have Smaller Wage Gaps for Women Overall and Lower Poverty Rates for Tipped Workers* (May 2015), *available at* [http://www.nwlc.org/sites/default/files/pdfs/tipped\\_minimum\\_wage\\_worker\\_wage\\_gap\\_may\\_2015.pdf](http://www.nwlc.org/sites/default/files/pdfs/tipped_minimum_wage_worker_wage_gap_may_2015.pdf). Figures are for 2013.