

Fair Pay for Women and People of Color in Connecticut Requires Increasing the Minimum Wage and the Tipped Minimum Wage

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*Tens of thousands of workers in Connecticut – mostly women and people of color – struggle to make ends meet on minimum wage earnings. A bill passed by the Connecticut House of Representatives (H.B. 5291) would raise the minimum wage from \$8.25 per hour to \$8.50 per hour in 2013 and to \$8.75 per hour in 2014.¹ The bill would also raise the minimum cash wage for tipped workers from \$5.69 per hour to \$6.04 per hour by 2015.² **Increasing the minimum wage and tipped minimum wage are key steps toward fair pay for women and people of color in Connecticut.***

Women and people of color are more likely to be paid the minimum wage.

- Women were nearly six in ten Connecticut workers who were paid Connecticut's minimum wage or less in 2011.³ They provided care for children and elders, cleaned homes and offices, and waited tables.
- Women of color are disproportionately represented among female minimum wage workers.⁴ Nationally, black and Hispanic women were each just over 12 percent of all employed women in 2011;⁵ among women who made the federal minimum wage, nearly 15 percent were black and more than 16 percent were Hispanic.⁶
- Overall, people of color are disproportionately represented among minimum wage workers. Nationally, black and Hispanic workers were about 11 percent and 14 percent of all workers in 2011, respectively;⁷ among workers who made the federal minimum wage, just over 15 percent were black and nearly 19 percent were Hispanic.⁸

It's time to give low-wage workers in Connecticut a raise.

- A woman working full time, year round in Connecticut at the minimum wage of \$8.25 per hour will earn just \$16,500 annually.⁹ That's more than \$1,000 below the federal poverty line for a mother with two children.¹⁰ If the federal minimum wage (currently \$7.25 per hour) had kept pace with inflation, it would be over \$10.50 per hour today, setting a floor for states more than \$2.25 above Connecticut's current minimum wage.¹¹
- The minimum cash wage for tipped employees in Connecticut is \$5.69 per hour – just \$11,380 a year.¹² While employers are responsible for making sure that their tipped employees are paid the minimum wage, many of these workers are paid less due to wage theft and other illegal practices.¹³ Nationally, women make up nearly two-thirds of workers in tipped occupations.¹⁴
- Connecticut families are struggling in this tough economy. In 2010, 25 percent of black families with



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children were in poverty,¹⁵ 27 percent of Hispanic families with children were in poverty,¹⁶ and 30 percent of single-mother families were in poverty.¹⁷

Raising the minimum wage and the tipped minimum wage would boost wages for working women and people of color in Connecticut and help close the wage gap.

- Increasing the minimum wage to \$8.75 per hour would boost annual earnings to \$17,500, an increase of \$1,000 per year – a significant boost, though still essentially poverty-level wages for a family of three. Raising the tipped minimum wage to \$6.04 per hour would increase earnings for many tipped workers by \$700 per year.¹⁸
- Increasing the minimum wage would mean higher pay for thousands of Connecticut women and help close the wage gap.¹⁹ In 2010, Connecticut women working full time, year round were paid only 77 cents

for every dollar paid to their male counterparts.²⁰ Black women working full time, year round made only 59 cents, and Hispanic women only 48 cents, for every dollar paid to white, non-Hispanic male counterparts.²¹

Raising the minimum wage would strengthen Connecticut's economy.

- Increasing the wages paid to low-wage workers results in lower turnover, boosts worker efforts, and encourages employers to invest in their workers.²²
- Raising the minimum wage does not cause job loss, even during periods of recession.²³
- Most minimum wage workers need this income to make ends meet and spend it quickly, boosting the economy. Research indicates that for every \$1 added to the minimum wage, low-wage worker households spent an additional \$2,800 the following year.²⁴

- 1 H.B. 5291, 2012 Gen. Assemb., Feb. Sess. (Conn. 2012) (as amended and passed by Conn. House of Representatives, Apr. 26, 2012).
- 2 As amended, H.B. 5291 would set the minimum cash wage for tipped hotel and restaurant workers (other than bartenders) at 68.24 percent of the state minimum wage in 2013 (\$5.80 per hour) and 66.29 percent of the state minimum wage in 2014 (\$5.80 per hour) before returning in 2015 to its current ratio at 69 percent of the state minimum wage (\$6.04 per hour).
- 3 NWLC calculations based on unpublished U.S. Dep't of Labor, Bureau of Labor Statistics data. Figures are annual averages for 2011. Available data do not permit a precise calculation of the percentage of women making the state minimum wage in Connecticut (\$8.25 per hour). However, women were 59 percent of workers making \$7.99 per hour or less and 56 percent of workers making \$8.99 per hour or less in Connecticut in 2011.
- 4 The term "minimum wage workers" refers to workers making the federal minimum wage or less.
- 5 NWLC calculations from U.S. Dep't of Labor, Bureau of Labor Statistics, Current Population Survey. Figure for black women from Table 3, <http://www.bls.gov/cps/cpsaat03.htm> (last visited Apr. 6, 2012). Figure for Hispanic women from Table 4, <http://www.bls.gov/cps/cpsaat04.htm> (last visited Apr. 6, 2012).
- 6 NWLC calculations based on U.S. Dep't of Labor, Bureau of Labor Statistics, Characteristics of Minimum Wage Workers, 2011, <http://www.bls.gov/cps/minwage2011tbls.htm> (Table 1). Figure refers to workers making the federal minimum wage or less.
- 7 NWLC calculations, *supra* note 5.
- 8 NWLC calculations, *supra* note 6.
- 9 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$8.25 per hour.
- 10 U.S. Census Bureau, Current Population Survey, 2011 Annual Social and Economic Supplement, Table POV35, http://www.census.gov/hhes/www/cpstable/032011/pov/new35_000.htm (last visited Apr. 5, 2012).
- 11 The high-water mark for the federal minimum wage of \$1.60 in 1968 (see Douglas Hall, EPI, Increasing the Minimum Wage Is Smart for Families and the Economy (2011), available at http://www.epi.org/publication/increasing_the_minimum_wage_is_smart_for_families_and_the_economy/) would be \$10.55 in 2012 according to the U.S. Dep't of Labor, Bureau of Labor Statistics inflation calculator, http://www.bls.gov/data/inflation_calculator.htm (last visited Apr. 27, 2012).
- 12 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$5.69 per hour.
- 13 Sylvia A. Allegretto & Kai Filion, EPI, Waiting for Change, at 3-4 (2011), available at <http://www.epi.org/page/-/BriefingPaper297.pdf>.
- 14 NWLC calculations from U.S. Dep't of Labor, Bureau of Labor Statistics, Current Population Survey, Table 11, <http://www.bls.gov/cps/cpsaat11.htm> (last visited March 5, 2012). Includes: waiters & waitresses; bartenders; counter attendants, cafeteria, food, & coffee shop; dining room & cafeteria attendants & bartender helpers; food servers, non-restaurant; taxi drivers & chauffeurs; parking lot attendants; hairdressers, hairstylists, & cosmetologists; barbers; personal appearance workers; porters, bellhops, & concierges; & gaming services workers.
- 15 NWLC calculations from U.S. Census Bureau, 2010 American Community Survey, <http://www.census.gov/acs/www/> (Table B17010B). Figures are for households where the householder's race is black alone.
- 16 *Ibid* (Table B17010I). Figures are for households where the householder's ethnicity is Hispanic or Latino.
- 17 *Ibid* (Table S1702).
- 18 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$8.75 per hour for the minimum wage and \$6.04 per hour for the tipped minimum wage. Based on 50 weeks of full-time work per year, a minimum wage of \$8.75 per hour would leave a family of three \$68 below the poverty line; 52 weeks of work would put the family's income \$632 above the poverty line. See *supra* note 10.
- 19 Under most circumstances a higher minimum wage would narrow the wage distribution, effectively narrowing the wage gap. Nicole M. Fortin & Thomas Lemieux, Institutional Changes and Rising Inequality, *Journal of Economic Perspectives*, Spring 1997, 75-96, at 78, available at <http://www.econ.ucdavis.edu/faculty/mepage/econ151b/Fortin%20and%20Lemieux.pdf>. See also Francine D. Blau & Lawrence M. Kahn, Swimming Upstream, *Journal of Labor Economics*, Jan 1997, 1-42, at 28, available at http://aysps.gsu.edu/isp/files/ISP_SUMMER_SCHOOL_2008_CURRIE_Swimming_Upstream.pdf.
- 20 NWLC, The Importance of Fair Pay for Connecticut Women (Apr. 2012), available at http://www.nwlc.org/sites/default/files/pdfs/2012equalpay-factsheets/connecticut_equalpaystatefactsheet.pdf.
- 21 *Ibid*.
- 22 T. William Lester, David Madland & Nick Bunker, Ctr. for Amer. Progress, An Increased Minimum Wage is Good Policy Even During Hard Times (2011), available at http://www.americanprogressaction.org/issues/2011/06/higher_minimum_wage.html.
- 23 Mary Gable & Douglas Hall, EPI, The Benefits of Raising Illinois' Minimum Wage, at 2-3 (2012), available at <http://www.epi.org/files/2012/ib321.pdf>.
- 24 Daniel Aaronson, Sumit Agarwal & Eric French, Fed. Reserve Bank of Chicago, The Spending and Debt Responses to Minimum Wage Increases, at 10 (Revised 2011), available at http://www.chicagofed.org/digital_assets/publications/working_papers/2007/wp2007_23.pdf.