

Fair Pay for Women in Louisiana Requires Increasing the Minimum Wage and the Tipped Minimum Wage

February 2014 | Julie Vogtman and Katherine Gallagher Robbins

*Minimum wage workers in Louisiana – mostly women – struggle to make ends meet on earnings of just \$7.25 per hour (\$2.13 per hour for tipped workers), the same as the federal level. The Fair Minimum Wage Act (H.R. 1010/S. 460) and the Minimum Wage Fairness Act (S. 1737) would gradually raise the federal minimum wage to \$10.10 per hour, increase the tipped minimum cash wage to 70 percent of the minimum wage, and index these wages to keep pace with inflation. **Increasing the minimum wage and tipped minimum wage are key steps toward fair pay for women in Louisiana.***

Women are a large majority of minimum wage earners in Louisiana.

- Women are more than seven in ten Louisiana workers who are paid the minimum wage or less.¹ They provide care for children and elders, clean homes and offices, and wait tables.
- Women of color are disproportionately represented among female minimum wage workers. Nationally, nearly four in ten female minimum wage workers are women of color,² compared to just over one-third of all working women.³

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

- A woman working full time, year round in Louisiana at the current minimum wage of \$7.25 per hour will earn just \$14,500 annually⁴ – more than \$4,000 below the federal poverty line for a mother with two children.⁵ If the federal minimum wage had kept pace with inflation, it would be over \$10.70 per hour today.⁶
- The minimum cash wage for tipped employees in Louisiana is \$2.13 per hour – just \$4,260 a year.⁷ 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.⁸ In Louisiana, women are 65 percent of tipped workers and 70 percent of

restaurant servers, the state's largest group of tipped workers.⁹

- Louisiana families are struggling in this tough economy. Over a quarter (26 percent) of Hispanic families with children are in poverty, 41 percent of black families with children were in poverty, and 39 percent of single-mother families are in poverty.¹⁰

Raising the minimum wage and the tipped minimum wage would boost wages for working women in Louisiana and help close the wage gap.

- Increasing the minimum wage to \$10.10 per hour would boost annual full-time earnings by \$5,700 to \$20,200, enough to pull a family of three out of poverty. Raising the tipped minimum cash wage to 70 percent of \$10.10 per hour (\$7.07 per hour) would mean an increase of \$9,880 per year for full-time work, providing more stable and adequate base earnings for tipped employees.¹¹ Indexing these wages to inflation would prevent their value from falling relative to the cost of living.
- The Economic Policy Institute (EPI) estimates that if the federal minimum wage were gradually increased to \$10.10 per hour beginning this year, by 2016, 463,000 Louisiana workers would get a raise. Of the total affected workers, about 290,000 (63 percent) are women.¹²



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- Of the 463,000 workers who would get a raise, about 429,000 (93 percent) are at least 20 years old, and 144,000 (31 percent) are parents. About 272,000 Louisiana children – nearly a quarter of all children in the state – live in families where at least one parent would benefit from a minimum wage increase.¹³
- Since women are the majority of Louisiana's minimum wage workers, increasing the minimum wage and the tipped minimum wage would help close the wage gap.¹⁴ Louisiana women working full time, year round are paid only 67 cents for every dollar paid to their male counterparts – one of the widest wage gaps in the country.¹⁵ Black women working full time, year round make only 49 cents, and Hispanic women only 52 cents, for every dollar paid to their white, non-Hispanic male counterparts.¹⁶

Raising the minimum wage would strengthen the economy in Louisiana.

- Increasing the wages paid to low-wage workers results in lower turnover, boosts worker efforts, and encourages employers to invest in their workers.¹⁷
- 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.¹⁸
- Raising the minimum wage does not cause job loss, even during periods of recession.¹⁹ In fact, EPI estimates that raising the federal minimum wage to \$10.10 per hour would generate almost \$490 million in additional economic activity and create or support about 1,700 new jobs in Louisiana.²⁰

1 NWLC calculations based on unpublished U.S. Dep't of Labor, Bureau of Labor Statistics data. Figures are annual averages for 2012.

2 Women of color are 38.7 percent of all female minimum wage workers. NWLC calculations based on Bureau of Labor Statistics (BLS), Characteristics of Minimum Wage Workers, 2012, available at <http://www.bls.gov/cps/minwage2012tbls.htm> [hereinafter BLS Min. Wage Characteristics] (Table 1). This figure assumes 88.2 percent of Hispanics are white. See U.S. Census Bureau, 2012 Population Estimates, Annual Estimates of the Resident Population by Sex, Single Year of Age, Race, and Hispanic Origin for the United States: April 1 2010 to July 1, 2012 (for people of Hispanic origin in July 2012), http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=PEP_2012_PEPALL6N&prodType=table (last visited Dec. 19, 2013).

3 Women of color are 33.8 percent of all working women. NWLC calculations based on U.S. Census Bureau, CPS, 2013 Annual Social and Economic Supplement, Table PINC-05, http://www.census.gov/hhes/www/cpstables/032013/perinc/pinc05_000.htm [hereinafter U.S. Census Bureau, CPS Table PINC-05] (last visited Dec. 19, 2013).

4 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$7.25 per hour.

5 U.S. Census Bureau, Poverty Thresholds for 2013, <https://www.census.gov/hhes/www/poverty/data/threshld/index.html> (last visited Feb. 12, 2014).

6 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 \$10.71 in 2013 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 Feb. 12, 2014).

7 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$2.13 per hour.

8 Sylvia A. Allegretto & Kai Filion, EPI, Waiting for Change, at 3-4 (2011), available at <http://www.epi.org/page/-/BriefingPaper297.pdf>.

9 Figures are NWLC calculations based on Steven Ruggles et al., *Integrated Public Use Microdata Series: Version 5.0* [Machine-readable database]. Minneapolis: University of Minnesota, 2010. Data are from the American Community Survey 2007-2011 five-year averages; refers to employed tipped workers.

10 NWLC calculations from U.S. Census Bureau, 2012 American Community Survey, <http://www.census.gov/acs/www/> (Tables B17010B, B17010I, S1702). Figures are based on householder's race or ethnicity.

11 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$10.10 per hour for the minimum wage and \$7.07 per hour for the tipped minimum wage.

12 EPI, State-by-state characteristics of workers who would be affected by increasing the federal minimum wage to \$10.10 by July 2016, at 21 (Dec. 2013), available at <http://s2.epi.org/files/2013/minimum-wage-state-tables.pdf>.

13 *Id.*

14 A higher minimum wage generally 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.jstor.org/stable/2138237>. See also Francine D. Blau & Lawrence M. Kahn, Swimming Upstream, *Journal of Labor Economics*, Jan. 1997, 1-42, at 28, available at <http://www.jstor.org/stable/2535313>.

15 NWLC calculations based on U.S. Census Bureau, CPS, Table PINC-05, *supra* note 3.

16 NWLC calculations from U.S. Census Bureau, 2010-2012 American Community Survey Three-Year Estimates, <http://www.census.gov/acs/www/> (Tables B20017B, B20017H, B20017I).

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18 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.

19 Mary Gable & Doug Hall, EPI, The Benefits of Raising Illinois' Minimum Wage, at 2-3 (Jan. 2012), available at <http://www.epi.org/files/2012/ib321.pdf>.

20 David Cooper, EPI, Raising the Federal Minimum Wage to \$10.10 Would Lift Wages for Millions and Provide a Modest Economic Boost, at 16 (Dec. 2013), available at <http://s4.epi.org/files/2013/Raising-the-federal-minimum-wage-to-1010-would-lift-wages-for-millions-and-provide-a-modest-economic-boost-12-19-2013.pdf>.