

Raising the Minimum Wage and the Tipped Minimum Wage Would Promote Fair Pay for Women and People of Color in Maryland

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The minimum wage in Maryland is currently the same as the federal minimum wage, which was last raised by Congress in 2007 and now stands at \$7.25 per hour. If the minimum wage had kept pace with inflation, it would now be more than \$10 per hour.¹ Maryland's minimum cash wage for tipped employees is \$3.63 an hour, just half of the current federal minimum wage.

Raising the minimum wage would increase women's economic security and help close the wage gap.

- A woman working full time, year round at the current minimum wage will earn just \$14,500 annually.² That's more than \$3,000 below the federal poverty line for a mother with two children.³
- Since women are the majority of minimum wage workers, increasing the minimum wage would mean higher pay for thousands of Maryland women and help close the wage gap.⁴ In 2010, Maryland women working full time, year round were paid only 83 cents for every dollar paid to their male counterparts.⁵
- Increasing the minimum wage to \$10 per hour would boost annual earnings to \$20,000, an increase of \$5,500 per year, enough to pull a family of three out of poverty.⁶

Women and people of color are especially hurt by the low minimum wage.

- Nationally, women made up about two-thirds of all workers who were paid minimum wage or less in 2011. Nearly 2.4 million women 16 and older were paid minimum wage or less in 2011.⁷

- Women of color are disproportionately represented among female minimum wage workers. Nationally, black and Hispanic women were each just over 12 percent of all employed women in 2011;⁸ among women who made minimum wage, nearly 15 percent were black and more than 16 percent were Hispanic.⁹ In Maryland, black women working full time, year round made only 67 cents, and Hispanic women only 46 cents, for every dollar paid to their white, non-Hispanic male counterparts.¹⁰
- 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;¹¹ among workers who made minimum wage, just over 15 percent were black and nearly 19 percent were Hispanic.¹²

The extra-low minimum cash wage for tipped workers particularly hurts women.

- The minimum cash wage for tipped employees in Maryland is \$3.63 per hour – just \$7,260 a year.¹³
- Nationally, women make up nearly two-thirds of workers in tipped occupations and are nearly 70 percent of wait staff, the largest group of tipped employees.¹⁴



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- 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.¹⁵

Maryland women and their families need an increase in the minimum wage.

- Maryland families are struggling in this tough economy. In 2010, 17 percent of black families with children were in poverty,¹⁶ 14 percent of Hispanic families with children were in poverty,¹⁷ and 26 percent of single-mother families were in poverty.¹⁸
- In Maryland more than one in five (21.9 percent) female-headed households with at least one worker relied on Food Stamps (SNAP) to feed their families in 2010.¹⁹

Raising the minimum wage strengthens the economy.

- Increasing the wages paid to low-wage workers results in lower turnover, boosts worker efforts, and encourages employers to invest in their workers.²⁰
- Raising the minimum wage does not cause job loss, even during periods of recession.²¹
- Most minimum wage workers need this income to make ends meet and spend it quickly, boosting the economy. Recent research indicates that for every \$1 added to the minimum wage, low-wage worker households spent an additional \$2,800 the following year.²²

- 1 The high-water mark for the federal minimum wage of \$1.60 in 1968 (see Doug Hall, Econ. Policy Inst., 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 \$10.42 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 Mar. 5, 2012).
- 2 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$7.25 per hour.
- 3 U.S. Census Bureau, Current Population Survey, 2011 Annual Social and Economic Supplement, http://www.census.gov/hhes/www/cpstables/032011/pov/new35_000.htm [hereinafter Census Bureau CPS 2011] (Table POV35).
- 4 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
- 5 NWLC, Median Earnings for Full-Time, Year-Round Workers by Sex and State (2010), available at <http://www.nwlc.org/sites/default/files/pdfs/2010-wage-gap-by-state-table.pdf>.
- 6 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$7.25 per hour.
- 7 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/minwag-e2011tbls.htm> [hereinafter BLS Min. Wage Characteristics] (Table 1). This is true for both those 16 and older (63 percent) and 25 and older (67 percent).
- 8 NWLC calculations from U.S. Dep't of Labor, Bureau of Labor Statistics. Figure for black women from Table 3, <http://www.bls.gov/cps/cpsaat03.htm> (last visited Mar. 5, 2012). Figure for Hispanic women from Table 4, <http://www.bls.gov/cps/cpsaat04.htm> (last visited Mar. 5, 2012).
- 9 NWLC calculations from BLS Min. Wage Characteristics (Table 1), *supra* note 7.
- 10 NWLC calculations from U.S. Census Bureau, 2010 American Community Survey three-year estimates, available at <http://factfinder2.census.gov/faces/nav/jsf/pages/searchresults.xhtml?refresh=t> (last visited Dec. 16, 2011) (Tables B20017B, H, I).
- 11 NWLC calculations, *supra* note 8.
- 12 NWLC calculations from BLS Min. Wage Characteristics (Table 1), *supra* note 7.
- 13 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$7.25 per hour.
- 14 NWLC calculations from U.S. Dep't of Labor, Bureau of Labor Statistics, Current Population Survey for 2011, <http://www.bls.gov/cps/cpsaat11.pdf> (Table 11). Includes: waiters & waitresses; bartenders; counter attendants, cafeteria, food, & coffee shop; dining room & cafeteria attendants & bartender helpers; food servers, nonrestaurant; taxi drivers & chauffeurs; parking lot attendants; hairdressers, hairstylists, & cosmetologists; barbers; personal appearance workers; porters, bellhops, & concierges; & gaming services workers (last visited Mar. 5, 2012).
- 15 Sylvia A. Allegretto & Kai Filion, Econ. Policy Inst., Waiting for Change, at 3-4 (2011), available at <http://www.epi.org/page/-/BriefingPaper297.pdf>.
- 16 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.
- 17 Ibid. (Table B17010I). Figures are for households where the householder's ethnicity is Hispanic or Latino.
- 18 Ibid. (Table S1702).
- 19 Ibid. (Table C22007). Includes households with and without children.
- 20 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.
- 21 Mary Gable & Douglas Hall, Econ. Policy Inst., The Benefits of Raising Illinois' Minimum Wage at 2-3 (2012), available at <http://www.epi.org/files/2012/ib321.pdf>.
- 22 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.