

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

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*Tens of thousands of workers in Maryland – mostly women and people of color – struggle to make ends meet on minimum wage earnings. A bill pending in Maryland's General Assembly (SB 0683/HB 1204) would gradually raise the minimum wage from \$7.25 to \$10.00 per hour, increase the minimum cash wage for tipped workers from 50 percent to 70 percent of the regular 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 and people of color in Maryland.***

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

- Women were more than six in ten Maryland workers who were paid the state minimum wage or less in 2011.<sup>1</sup> 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. Nationally, black and Hispanic women were each just over 12 percent of all employed women in 2011;<sup>2</sup> among women who made minimum wage, nearly 15 percent were black and more than 16 percent were Hispanic.<sup>3</sup>
- 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;<sup>4</sup> among minimum wage earners, just over 15 percent were black and nearly 19 percent were Hispanic.<sup>5</sup>

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

- A woman working full time, year round in Maryland at the current minimum wage of \$7.25 per hour will earn just \$14,500 annually.<sup>6</sup> That's more than \$3,600

below the federal poverty line for a mother with two children.<sup>7</sup> If the minimum wage had kept pace with inflation, it would now be over \$10.50 per hour.<sup>8</sup>

- The minimum cash wage for tipped employees in Maryland is \$3.63 per hour – just \$7,260 a year.<sup>9</sup> 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.<sup>10</sup> Nationally, women are nearly two-thirds of workers in tipped occupations.<sup>11</sup>
- Maryland families are struggling in this tough economy. In 2011, 17 percent of black families with children were in poverty,<sup>12</sup> 16 percent of Hispanic families with children were in poverty,<sup>13</sup> and 26 percent of single-mother families were in poverty.<sup>14</sup>

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

- Increasing the minimum wage to \$10.00 per hour would boost annual earnings to \$20,000, an increase of \$5,500 per year – enough to lift a family of three out of poverty.<sup>15</sup> Raising the tipped minimum wage to 70 percent of \$10.00 per hour (\$7.00 per hour)



would increase earnings for many tipped workers by \$6,740 per year.<sup>16</sup> Indexing wages to inflation would prevent the minimum wage and the tipped minimum wage from falling further relative to the cost of living.

- The Economic Policy Institute (EPI) estimates that if Maryland's minimum wage were increased to \$10.00 per hour by 2015, more than half a million (536,000) workers would get a raise, over 55 percent of them women.<sup>17</sup> About 350,000 children in Maryland have a parent who would benefit from a minimum wage increase.<sup>18</sup>
- Increasing the minimum wage would mean higher pay for thousands of Maryland women and help close the wage gap.<sup>19</sup> In 2011, Maryland women working full time, year round were paid only 86 cents for every dollar paid to their male counterparts.<sup>20</sup> Black women working full time, year round made only 68 cents, and Hispanic women only 46 cents, for every dollar paid to white, non-Hispanic male counterparts.<sup>21</sup>

## Raising the minimum wage would strengthen Maryland'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.<sup>22</sup>
- Raising the minimum wage does not cause job loss, even during periods of recession.<sup>23</sup>
- 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.<sup>24</sup>
- EPI estimates that raising Maryland's minimum hourly wage to \$10.00 by 2015 would generate more than \$492 million in additional economic activity and create or support nearly 4,300 jobs.

- NWLC calculations based on unpublished U.S. Dep't of Labor, Bureau of Labor Statistics data. Figures are annual averages for 2011. Women represent 62 percent of people making the state minimum wage or less in Maryland (\$7.25 per hour).
- 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).
- 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 ("minimum wage workers").
- NWLC calculations, *supra* note 2.
- NWLC calculations, *supra* note 3.
- NWLC calculation assuming 40 hours per week, 50 weeks per year at \$7.25 per hour.
- NWLC calculations from U.S. Census Bureau, Current Population Survey, 2012 Annual Social and Economic Supplement, Table POV35, <http://www.census.gov/hhes/www/cpstables/032012/pov/toc.htm> (last visited Jan. 23, 2013).
- At \$7.25 per hour, Maryland's minimum wage is the same as the federal minimum wage. The high-water mark for the federal minimum wage of \$1.60 in 1968 (see Doug Hall, EPI, Increasing the Minimum Wage Is Smart for Families and the Economy (May 2011), available at [http://www.epi.org/publication/increasing\\_the\\_minimum\\_wage\\_is\\_smart\\_for\\_families\\_and\\_the\\_economy/](http://www.epi.org/publication/increasing_the_minimum_wage_is_smart_for_families_and_the_economy/)) would be \$10.56 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](http://www.bls.gov/data/inflation_calculator.htm) (last visited Jan. 23, 2013).
- NWLC calculation assuming 40 hours per week, 50 weeks per year at \$3.63 per hour.
- Sylvia A. Allegretto & Kai Filion, EPI, Waiting for Change, at 3-4 (Feb. 2011), available at <http://www.epi.org/page/-/BriefingPaper297.pdf>.
- NWLC calculations from U.S. Dep't of Labor, Bureau of Labor Statistics, Current Population Survey, Table 11, <http://www.bls.gov/cps/cpsaat11.pdf> (last visited Mar. 5, 2012). 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.
- NWLC calculations from U.S. Census Bureau, 2011 American Community Survey, <http://www.census.gov/acs/www/> (Table B17010B). Figures are for households where the householder's race is black alone.
- Ibid* (Table B17010I). Figures are for households where the householder's ethnicity is Hispanic or Latino.
- Ibid* (Table S1702).
- NWLC calculation assuming 40 hours per week, 50 weeks per year at \$10.00 per hour.
- NWLC calculations assuming 40 hours per week, 50 weeks per year at \$7.00 per hour.
- Doug Hall & David Cooper, EPI, How Raising Maryland's Minimum Wage Will Benefit Workers and Boost the State's Economy (Jan. 2013), available at <http://www.epi.org/files/2013/benefits-raising-minimum-wage-maryland.pdf>.
- Ibid*.
- 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](http://aysps.gsu.edu/isp/files/ISP_SUMMER_SCHOOL_2008_CURRIE_Swimming_Upstream.pdf).
- NWLC calculations from U.S. Census Bureau, 2011 American Community Survey, <http://www.census.gov/acs/www/> (Tables R2001 and R2002).
- NWLC calculations from U.S. Census Bureau, 2009-2011 American Community Survey Three-Year Estimates, <http://www.census.gov/acs/www/> (Tables B20017B, B20017H, B20017I).
- T. William Lester, David Madland & Nick Bunker, Ctr. for Amer. Progress, An Increased Minimum Wage is Good Policy Even During Hard Times (June 2011), available at [http://www.americanprogressaction.org/issues/2011/06/higher\\_minimum\\_wage.html](http://www.americanprogressaction.org/issues/2011/06/higher_minimum_wage.html).
- Mary Gable & Douglas Hall, Econ. Policy Inst., The Benefits of Raising Illinois' Minimum Wage at 2-3 (Jan. 2012), available at <http://www.epi.org/files/2012/ib321.pdf>.
- Daniel Aaronson, Sumit Agarwal & Eric French, Fed. Reserve Bank of Chicago, The Spending and Debt Responses to Minimum Wage Increases at 10 (Revised Feb. 2011), available at [http://www.chicagofed.org/digital\\_assets/publications/working\\_papers/2007/wp2007\\_23.pdf](http://www.chicagofed.org/digital_assets/publications/working_papers/2007/wp2007_23.pdf).