

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

May 2012

*Thousands of workers in Massachusetts – mostly women and people of color – struggle to make ends meet on minimum wage earnings. A bill approved by Massachusetts's Joint Committee on Labor and Workforce Development (S. 951) would gradually raise the state minimum wage from \$8.00 to \$10.00 per hour, index the minimum wage to keep pace with inflation, and increase the minimum cash wage for tipped workers from \$2.63 per hour to 70 percent of the minimum wage.<sup>1</sup> **Increasing the minimum wage and tipped minimum wage are key steps toward fair pay for women and people of color in Massachusetts.***

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

- Women were nearly six in ten Massachusetts workers who were paid the state minimum wage or less in 2011.<sup>2</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>3</sup> among women who made the federal minimum wage, nearly 15 percent were black and more than 16 percent were Hispanic.<sup>4</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>5</sup> among workers who made the federal minimum wage, just over 15 percent were black and nearly 19 percent were Hispanic.<sup>6</sup>

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

- A woman working full time, year round in Massachusetts at the current minimum wage of \$8.00 per hour will earn just \$16,000 annually.<sup>7</sup> That's more than \$1,500 below the federal poverty line for a mother with two children.<sup>8</sup> 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 \$2.50 above Massachusetts's current minimum wage.<sup>9</sup>
- The minimum cash wage for tipped employees in Massachusetts is \$2.63 per hour – just \$5,260 a year.<sup>10</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>11</sup> Nationally, women are nearly two-thirds of workers in tipped occupations.<sup>12</sup>
- Massachusetts families are struggling in this tough economy. In 2010, 29 percent of black families with



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children were in poverty,<sup>13</sup> 35 percent of Hispanic families with children were in poverty,<sup>14</sup> and 35 percent of single-mother families were in poverty.<sup>15</sup>

### Raising the minimum wage and the tipped minimum wage would boost wages for working women and people of color in Massachusetts 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 \$4,000 per year – enough to lift a family of three out of poverty. Raising the tipped minimum wage to 70 percent of \$10.00 per hour (\$7.00 per hour) would mean an increase of \$8,740 per year, more than doubling annual base earnings for many tipped workers.<sup>16</sup>
- Increasing the minimum wage would mean higher pay for thousands of Massachusetts women and help close the wage gap.<sup>17</sup> In 2010, Massachusetts women working full time, year round were paid only 81 cents

for every dollar paid to their male counterparts.<sup>18</sup> Black women working full time, year round made only 62 cents, and Hispanic women only 51 cents, for every dollar paid to their white, non-Hispanic male counterparts.<sup>19</sup>

### Raising the minimum wage would strengthen Massachusetts'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>20</sup>
- Raising the minimum wage does not cause job loss, even during periods of recession.<sup>21</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>22</sup>

- S. 951, 187th Gen. Ct., Reg. Sess. (Mass. 2011) (as reported by Jt. Comm. on Labor & Workforce Development, Apr. 5, 2012).
- 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 Massachusetts (\$8.00 per hour). However, women were 58 percent of workers making \$7.99 per hour or less and 59 percent of workers making \$8.99 per hour or less in Massachusetts in 2011.
- 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).
- 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). The term "minimum wage workers" refers to workers making the federal minimum wage or less.
- NWLC calculations, *supra* note 3.
- NWLC calculations, *supra* note 4.
- NWLC calculation assuming 40 hours per week, 50 weeks per year at \$8.00 per hour.
- U.S. Census Bureau, Current Population Survey, 2011 Annual Social and Economic Supplement, Table POV35, [http://www.census.gov/hhes/www/cpsta-bles/032011/pov/new35\\_000.htm](http://www.census.gov/hhes/www/cpsta-bles/032011/pov/new35_000.htm) (last visited Apr. 5, 2012).
- 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/](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](http://www.bls.gov/data/inflation_calculator.htm) (last visited Apr. 27, 2012).
- NWLC calculation assuming 40 hours per week, 50 weeks per year at \$2.63 per hour.
- Sylvia A. Allegretto & Kai Filion, EPI, Waiting for Change, at 3-4 (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.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.
- 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.
- 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 for the minimum wage and \$7.00 per hour for the tipped minimum wage.
- 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, The Importance of Fair Pay for Massachusetts Women (Apr. 2012), available at [http://www.nwlc.org/sites/default/files/pdfs/2012equalpay-factsheets/massachusetts\\_equalpaystatefactsheet.pdf](http://www.nwlc.org/sites/default/files/pdfs/2012equalpay-factsheets/massachusetts_equalpaystatefactsheet.pdf).
- Ibid*.
- 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](http://www.americanprogressaction.org/issues/2011/06/higher_minimum_wage.html).
- 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>.
- 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](http://www.chicagofed.org/digital_assets/publications/working_papers/2007/wp2007_23.pdf).