

# MINIMUM WAGE

## FACT SHEET

### Fair Pay for Women Means an Increase in the Minimum Wage and the Tipped Minimum Wage

March 2012

*Each year, millions of workers rely on minimum wage earnings to support themselves and their families. The federal minimum wage is just \$7.25 per hour. If the minimum wage had kept pace with inflation, it would now be more than \$10 per hour.<sup>1</sup> The federal minimum cash wage for tipped employees is \$2.13 an hour, less than one-third of the current federal minimum wage and unchanged in 20 years.<sup>2</sup>*

#### KEY FACTS

- **Women represent nearly two-thirds of minimum wage workers.**
- **A woman working full time, year round at the federal minimum wage of \$7.25 an hour earns just \$14,500—more than \$3,000 below the poverty line for a family of three.**
- **The federal minimum cash wage for tipped workers is just \$2.13 an hour, and women represent nearly two-thirds of workers in tipped occupations.**

#### Raising the minimum wage would improve 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.<sup>3</sup> That's more than \$3,000 below the federal poverty line for a mother with two children.<sup>4</sup>
- Since women are the majority of minimum wage workers, increasing the minimum wage would mean higher pay for millions of women and help

close the wage gap.<sup>5</sup> In 2010, women working full time, year round were paid only 77 cents for every dollar paid to their male counterparts.<sup>6</sup>

- Increasing the minimum wage to \$10 per hour would boost annual earnings to \$20,000, an increase of \$5,500,<sup>7</sup> enough to pull a family of three out of poverty.

#### Women are especially hurt by Congress' failure to raise the minimum wage.

- In 2011, women made up about two-thirds of all workers who were paid minimum wage or less.<sup>8</sup> Nearly 2.4 million women were paid minimum wage or less in 2011.<sup>9</sup>
- Full-time workers made up one-third of the minimum wage workforce in 2011. Among the nearly 1.3 million full-time minimum wage workers, a majority (61 percent) were women.<sup>10</sup>
- Women of color are disproportionately represented among female minimum wage workers. Black and Hispanic women were each just over 12 percent of all employed women in 2011;<sup>11</sup> among women who made minimum wage, nearly 15 percent were black and more than 16 percent were Hispanic.<sup>12</sup> In 2010, black women working full time, year round made only 62 cents, and Hispanic women only 54 cents, for every dollar paid to their white, non-Hispanic male counterparts.<sup>13</sup>
- Most women making minimum wage do not have a spouse's income to rely on, including more than three-quarters of women 16 and older and nearly 61 percent of women over 25.<sup>14</sup>

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

- The federal minimum cash wage for tipped employees is \$2.13 per hour—just \$4,260 a year.<sup>15</sup>
- The federal minimum cash wage for tipped employees has not been raised since 1991.
- 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.<sup>16</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>17</sup>

## Millions of struggling working women and their families will benefit from increasing the minimum wage.

- Nearly 30 percent of working single-mother families were poor in 2010.

- Working single-mother families of color were even more likely to be poor: 34 percent of black working single-mother families and 38 percent of Hispanic working single-mother families were poor in 2010.<sup>18</sup>

## 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.<sup>19</sup>
- Raising the minimum wage does not cause job loss, even during periods of recession.<sup>20</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>21</sup>

- 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/](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 Bureau of Labor Statistics inflation calculator, [http://www.bls.gov/data/inflation\\_calculator.htm](http://www.bls.gov/data/inflation_calculator.htm) (last visited Mar. 5, 2012).
- 2 Sylvia A. Allegretto & Kai Fillion, Econ. Policy Inst., *Waiting for Change at 2-3* (2011), available at <http://www.epi.org/page/-/BriefingPaper297.pdf>.
- 3 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$7.25 per hour.
- 4 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](http://www.census.gov/hhes/www/cpstables/032011/pov/new35_000.htm) [hereinafter *Census Bureau CPS 2011*] (Table POV35).
- 5 Under most circumstances a higher minimum wage would narrow the wage distribution, effectively narrowing the wage gap. Nicole 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 Blau & Lawrence 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).
- 6 NWLC, *Poverty Among Women and Families 2000-2010*, (2011), available at <http://www.nwlc.org/sites/default/files/povertyamongwomenandfamilies2010final.pdf>.
- 7 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$7.25 per hour.
- 8 NWLC calculations based on Bureau of Labor Statistics, *Characteristics of Minimum Wage Workers, 2011*, <http://www.bls.gov/cps/minwage2011tbls.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).
- 9 *Ibid.*
- 10 *Ibid.*
- 11 NWLC calculations from 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).
- 12 NWLC calculations from BLS Min. Wage Characteristics (Table 1), *supra* note 8.
- 13 NWLC, *supra* note 6.
- 14 NWLC calculations from BLS Min. Wage Characteristics, *supra* note 8 (Table 8).
- 15 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$7.25 per hour.
- 16 NWLC calculations from 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).
- 17 Allegretto & Fillion, *supra* note 2, at 3-4.
- 18 NWLC calculations from Census Bureau CPS 2011, *supra* note 4, [http://www.census.gov/hhes/www/cpstables/032011/pov/new07\\_100.htm](http://www.census.gov/hhes/www/cpstables/032011/pov/new07_100.htm) (Table POV07). Single-mother families are female-headed with related children under 18. Working families have at least one worker in the family. Hispanics may be of any race.
- 19 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).
- 20 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>.
- 21 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).