

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

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*Minimum wage workers in Missouri – mostly women – struggle to make ends meet on earnings of just \$7.35 per hour (\$3.68 per hour for tipped workers).¹ The Fair Minimum Wage Act of 2013 (H.R. 1010/S. 460) 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 Missouri.***

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

- Women were about two-thirds of Missouri workers who were paid the state minimum wage or less in 2012.² 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 women were just under 13 percent and Hispanic women were just under 14 percent of all employed women in 2012;³ among women who made the federal minimum wage, more than 15 percent were black and more than 18 percent were Hispanic.⁴

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

- A woman working full time, year round in Missouri at the current minimum wage of \$7.35 per hour will earn just \$14,700 annually⁵ – nearly \$3,800 below the federal poverty line for a mother with two children.⁶ If the federal minimum wage (currently \$7.25 per hour) had kept pace with inflation, it would be over \$10.70 per hour today,⁷ setting a floor for states more than \$3.35 above Missouri's current minimum wage.

- The minimum cash wage for tipped employees in Missouri is \$3.68 per hour – just \$7,360 a year.⁸ 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.⁹ In Missouri, women are 71 percent of tipped workers and more than 78 percent of restaurant servers, the state's largest group of tipped workers.¹⁰
- Missouri families are struggling in this tough economy. In 2012, 40 percent of black families with children were in poverty, 35 percent of Hispanic families with children were in poverty, and 43 percent of single-mother families were in poverty.¹¹

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

- Increasing the minimum wage to \$10.10 per hour would boost annual full-time earnings by \$5,500 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 \$8,040 per year for full-time work,



providing more stable and adequate base earnings for tipped employees.¹² Indexing these wages to inflation – as Missouri already does – 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, by 2015, 613,000 Missouri workers would get a raise. Of the total affected workers, about 380,000 (62 percent) are women.¹³
- Of the 613,000 workers who would get a raise, about 524,000 (86 percent) are at least 20 years old, and 184,000 (30 percent) are parents. About 354,000 Missouri 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.¹⁴
- Since women are the majority of Missouri’s minimum wage workers, increasing the minimum wage and the tipped minimum wage would help close the wage gap.¹⁵ In 2012, Missouri women working full time, year round were paid only 76 cents for every dollar paid to their male counterparts.¹⁶ Black women

working full time, year round made only 63 cents, and Hispanic women only 50 cents, for every dollar paid to their white, non-Hispanic male counterparts.¹⁷

Raising the minimum wage would strengthen the economy in Missouri.

- Increasing the wages paid to low-wage workers results in lower turnover, boosts worker efforts, and encourages employers to invest in their workers.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 create nearly 3,000 new jobs in Missouri.²⁰
- 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.²¹

- 1 Missouri law provides for annual adjustment of the state minimum wage and tipped minimum cash wage based on inflation; current levels may change on January 1, 2014.
- 2 NWLC calculations based on unpublished U.S. Dep’t of Labor, Bureau of Labor Statistics data. Figures are annual averages for 2012. Available data do not permit a precise calculation of the percentage of women making the state minimum wage in Missouri (\$7.35 per hour). However, women were 70 percent of workers making \$7.25 per hour or less and nearly 66 percent of workers making \$7.99 per hour or less in Missouri in 2012.
- 3 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 Oct. 30, 2013). Figure for Hispanic women from Table 4, <http://www.bls.gov/cps/cpsaat04.htm> (last visited Oct. 30, 2013).
- 4 NWLC calculations based on U.S. Dep’t of Labor, Bureau of Labor Statistics, Characteristics of Minimum Wage Workers, 2012, <http://www.bls.gov/cps/minwage2012tbls.htm> (Table 1). The term “minimum wage workers” refers to workers who make the federal minimum wage or less.
- 5 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$7.35 per hour.
- 6 U.S. Census Bureau, Poverty Thresholds for 2012, <https://www.census.gov/hhes/www/poverty/data/threshld/index.html> (last visited Oct. 30, 2013).
- 7 At \$7.35 per hour, the Missouri minimum wage is higher than the federal minimum wage. 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 \$10.77 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 Oct. 30, 2013).
- 8 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$3.68 per hour.
- 9 Sylvia A. Allegretto & Kai Filion, EPI, *Waiting for Change*, at 3-4 (2011), available at <http://www.epi.org/page/-/BriefingPaper297.pdf>.
- 10 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.
- 11 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.
- 12 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$10.10 per hour for the minimum wage and \$7.70 per hour for the tipped minimum wage.
- 13 EPI, *The Demographics of Workers Who Would Be Affected by a Federal Minimum Wage Increase, State-by-State*, at 27 (March 2013), available at <http://www.epi.org/files/2013/EPI-federal-minimum-wage-state-impact.pdf>.
- 14 *Id.*
- 15 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.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.
- 16 NWLC, *Wage Gap: State Rankings 2012* (Sept. 2013), available at http://www.nwlc.org/sites/default/files/pdfs/wage_gap_tables_2012_ranked.pdf.
- 17 Figures are for 2011. 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).
- 18 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.
- 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 & Doug Hall, EPI, *Raising the Federal Minimum Wage to \$10.10 Would Give Working Families, and the Overall Economy, a Much-Needed Boost*, at 24 (March 2013), available at <http://s2.epi.org/files/2013/IB354-Minimum-wage.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.