

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

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Tens of thousands of workers in New Mexico – disproportionately women and people of color – struggle to make ends meet on minimum wage earnings. The New Mexico legislature will consider proposals raise to the minimum wage from \$7.50 to \$8.50 per hour (SB 416), increase the minimum cash wage for tipped workers from \$2.13 per hour to 60 percent of the regular minimum wage, and index these wages to keep pace with inflation (HJR 6). All of these measures are critical steps toward fair pay for women in New Mexico.

It's time to give hardworking women in New Mexico a raise.

- Women were about six in ten New Mexico workers who were paid the state minimum wage or less in 2011.¹ They provided care for children and elders, cleaned homes and offices, and waited tables.
- A woman working full time, year round in New Mexico at the current minimum wage of \$7.50 per hour will earn just \$15,000 annually.² That's more than \$3,100 below the federal poverty line for a mother with two children.³
- The minimum cash wage for tipped workers in New Mexico is \$2.13 per hour – just \$4,260 a year.⁴ While employers are supposed to ensure that their tipped employees receive the minimum wage, many are paid less due to wage theft and other illegal practices.⁵ Nationwide, women are nearly two-thirds of workers in tipped occupations⁶ and about 70 percent of restaurant servers, who experience poverty at almost three times the rate of the workforce as a whole.⁷

Raising the minimum wage and the tipped minimum wage would strengthen New Mexico's economy and help close the gender wage gap.

- Increasing the minimum wage to \$8.50 per hour would raise annual earnings to \$17,000, an increase

of \$2,000 per year – a significant boost, though still about \$1,100 short of lifting a family of three out of poverty.⁸ Raising the tipped minimum wage to 60 percent of \$8.50 per hour (\$5.10 per hour) would increase earnings for many tipped workers by \$5,940 per year.⁹ Indexing these wages to inflation would prevent their value from falling further relative to the cost of living.

- Most minimum wage workers need all of their income to make ends meet and spend it quickly, boosting the economy. The Economic Policy Institute (EPI) estimates that raising New Mexico's minimum hourly wage to \$8.50 would spur more than \$67 million in new economic activity and create hundreds of jobs.¹⁰
- If New Mexico's minimum wage were increased to \$8.50 per hour, more than 137,000 workers would get a raise, the majority of them women¹¹ – and higher pay for thousands of New Mexico women would help close the wage gap.¹² In 2011, New Mexico women working full time, year round were paid only 79 cents for every dollar paid to their male counterparts.¹³ Black women working full time, year round made only 60 cents, and Hispanic women only 54 cents, for every dollar paid to white, non-Hispanic male counterparts.¹⁴



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NEW MEXICO STATE MINIMUM WAGE FACT SHEET

- 1 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 New Mexico (\$7.50 per hour). However, women were 75 percent of workers making \$7.25 per hour or less and 58 percent of workers making \$7.99 per hour or less in New Mexico in 2011.
- 2 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$7.50 per hour.
- 3 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).
- 4 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$2.13 per hour.
- 5 Sylvia A. Allegretto & Kai Filion, EPI, *Waiting for Change*, at 3-4 (Feb. 2011), available at <http://www.epi.org/page/-/BriefingPaper297.pdf>.
- 6 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.
- 7 Restaurant Opportunities Ctr. United, *Tipped Over the Edge*, at 1 (Feb. 2012), available at <http://rocunited.org/tipped-over-the-edge-gender-inequity-in-the-restaurant-industry/>.
- 8 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$8.50 per hour.
- 9 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$5.10 per hour.
- 10 Unpublished EPI estimates.
- 11 Ibid.
- 12 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.
- 13 NWLC calculations from U.S. Census Bureau, 2011 American Community Survey, <http://www.census.gov/acs/www/> (Tables R2001 and R2002).
- 14 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).