

Fair Pay for Women in Washington Requires Increasing the Minimum Wage

February 2014 | Julie Vogtman and Katherine Gallagher Robbins

*Minimum wage workers in Washington – mostly women – struggle to make ends meet on earnings of \$9.32 per hour. The Fair Minimum Wage Act of 2013 (H.R. 1010/S. 460) and the Minimum Wage Fairness Act (S. 1737) would raise the federal minimum wage to \$10.10 per hour by 2016, then index it to keep pace with inflation. **Increasing the minimum wage is a key step toward fair pay for women in Washington.***

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

- Women are about six in ten Washington workers who are paid the minimum wage or less.¹ They provide care for children and elders, clean homes and offices, and wait tables.
- Women of color are disproportionately represented among female minimum wage workers. Nationally, nearly four in ten female minimum wage workers are women of color,² compared to just over one-third of all working women.³
- Overall, people of color are disproportionately represented among minimum wage workers. Nationally, four in ten minimum wage workers are people of color,⁴ compared to one-third of all workers.⁵

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

- A woman working full time, year round in Washington at the current minimum wage of \$9.32 per hour will earn \$18,640 annually⁶ – \$129 below the federal poverty line for a mother with two children.⁷ If the federal minimum wage had kept pace with inflation, it would be over \$10.70 per hour today.⁸

- Washington families are struggling in this tough economy. Over a quarter (26 percent) of black families with children are in poverty, 29 percent of Hispanic families with children are in poverty, and 38 percent of single-mother families are in poverty.⁹

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

- Increasing the minimum wage to \$10.10 per hour would boost annual full-time earnings by \$1,560 to \$20,200, enough to pull a family of three out of poverty. Washington's tipped workers – 68 percent of whom are women¹⁰ – would share fully in this increase, thanks to state law requiring employers to pay their tipped employees at least the minimum wage, without counting tips.¹¹ And indexing the minimum wage to inflation, as Washington already does, would ensure that its value does not fall 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 beginning this year, by 2016, 400,000 Washington workers would get a raise. Of the total affected workers, about 210,000 (53 percent) are women; 170,000 (43 percent) are people of color, who account for only 26 percent of the state's workforce.¹²



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- Of the 400,000 workers who would get a raise, about 347,000 (87 percent) are at least 20 years old, and 116,000 (29 percent) are parents. About 201,000 Washington children – nearly one in every eight children in the state – live in families where at least one parent would benefit from a minimum wage increase.¹³
- Since women are the majority of Washington’s minimum wage workers, increasing the minimum wage would help close the wage gap.¹⁴ Washington women working full time, year round are paid only 78 cents for every dollar paid to their male counterparts.¹⁵ Black women working full time, year round make only 62 cents, and Hispanic women only 46 cents, for every dollar paid to their white, non-Hispanic male counterparts.¹⁶

Raising the minimum wage would strengthen the economy in Washington.

- Increasing the wages paid to low-wage workers results in lower turnover, boosts worker efforts, and encourages employers to invest in their workers.¹⁷
- 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.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 by 2016 would generate almost \$95 million in additional economic activity and create or support hundreds of new jobs in Washington.²⁰

1 NWLC calculations based on unpublished U.S. Dep’t of Labor, Bureau of Labor Statistics data. Figures are annual averages for 2012.

2 Women of color are 38.7 percent of all female minimum wage workers. NWLC calculations based on Bureau of Labor Statistics (BLS), Characteristics of Minimum Wage Workers, 2012, available at <http://www.bls.gov/cps/minwage2012tbls.htm> [hereinafter BLS Min. Wage Characteristics] (Table 1). This figure assumes 88.2 percent of Hispanics are white. See U.S. Census Bureau, 2012 Population Estimates, Annual Estimates of the Resident Population by Sex, Single Year of Age, Race, and Hispanic Origin for the United States: April 1, 2010 to July 1, 2012 (for people of Hispanic origin in July 2012),

http://factfinder2.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=PEP_2012_PEPALL6N&prodType=table [hereinafter U.S. Census Bureau, 2012 Population Estimates] (last visited Dec. 19, 2013).

3 Women of color are 33.8 percent of all working women. NWLC calculations based on U.S. Census Bureau, CPS, 2013 Annual Social and Economic Supplement, Table PINC-05, http://www.census.gov/hhes/www/cpstables/032013/perinc/pinc05_000.htm [hereinafter U.S. Census Bureau, CPS Table PINC-05] (last visited Dec. 19, 2013).

4 People of color are 40.1 percent of all minimum wage workers. NWLC calculations based on BLS Min. Wage Characteristics (Table 1), *supra* note 2. This figure assumes 88.2 percent of Hispanics are white. See U.S. Census Bureau, 2012 Population Estimates, *supra* note 2.

5 People of color are 33.5 percent of all workers. NWLC calculations based on U.S. Census Bureau, CPS, Table PINC-05, *supra* note 3.

6 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$9.32 per hour.

7 U.S. Census Bureau, Poverty Thresholds for 2013, <https://www.census.gov/hhes/www/poverty/data/threshld/index.html> (last visited Feb. 12, 2014).

8 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 \$10.71 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 Feb. 12, 2014).

9 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.

10 Figures are NWLC calculations based on 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 In states that allow a lower minimum cash wage for tipped workers, the Fair Minimum Wage Act and the Minimum Wage Fairness Act would gradually increase the required tipped minimum cash wage to 70 percent of the regular minimum wage.

12 EPI, State-by-state characteristics of workers who would be affected by increasing the federal minimum wage to \$10.10 by July 2016, at 50 (Dec. 2013), available at <http://s2.epi.org/files/2013/minimum-wage-state-tables.pdf>.

13 *Id.*

14 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.jstor.org/stable/2138237>. See also Francine D. Blau & Lawrence M. Kahn, Swimming Upstream, *Journal of Labor Economics*, Jan. 1997, 1-42, at 28, available at <http://www.jstor.org/stable/2535313>.

15 NWLC calculations based on U.S. Census Bureau, CPS, Table PINC-05, *supra* note 3.

16 NWLC calculations based on U.S. Census Bureau, 2010-2012 American Community Survey Three-Year Estimates, <http://www.census.gov/acs/www/> (Tables B20017B, B20017H, B20017I).

17 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.

18 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.

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, EPI, *Raising the Federal Minimum Wage to \$10.10 Would Lift Wages for Millions and Provide a Modest Economic Boost*, at 17 (Dec. 2013), available at <http://s4.epi.org/files/2013/Raising-the-federal-minimum-wage-to-1010-would-lift-wages-for-millions-and-provide-a-modest-economic-boost-12-19-2013.pdf>.