



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

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*Minimum wage workers in West Virginia – mostly women – struggle to make ends meet on earnings of just \$7.25 per hour (\$5.80 per hour for covered tipped workers). One pending state Senate bill (SB 411) would raise the minimum wage to \$8.25 per hour by July 2015; increase the state's tipped minimum wage, which is tied to the regular 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 West Virginia.***

KEY FACTS

- Women are about two-thirds of minimum wage workers in West Virginia and nearly three-quarters of tipped workers. Many tipped workers in West Virginia receive only the federal tipped minimum cash wage of \$2.13 per hour from their employers.
- Raising West Virginia's minimum wage to \$8.25 per hour would boost pay for nearly 114,000 workers, 63 percent of them women, and help close the wage gap.
- Of the workers who would get a raise, more than two-thirds are at least 25 years old, and nearly one-third are parents.

The majority of West Virginia's minimum wage workers are women – and most are adults, many with families to support.

- Women are about two-thirds of West Virginia workers who are paid the state minimum wage or less.¹ They provide care for children and elders, clean homes and offices, and wait tables.
- The West Virginia Center on Budget & Policy estimates that if West Virginia's minimum wage were increased to \$8.25 per hour, nearly 114,000 workers would get a raise. Of the total affected workers, approximately 63 percent are women.²

- Of the workers who would get a raise, over two-thirds are at least 25 years old, and nearly one-third are parents. About 43,000 children in West Virginia have a parent who would benefit from a minimum wage increase.³

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

- A woman working full time, year round in West Virginia at the current minimum wage of \$7.25 per hour will earn just \$14,500 annually.⁴ That's more than \$4,000 below the federal poverty line for a mother with two children.⁵ If the minimum wage had kept pace with inflation, it would now be over \$10.70 per hour.⁶
- The minimum cash wage for tipped employees in West Virginia is \$5.80 per hour – just \$11,600 a year⁷ – and an exemption in West Virginia law allows many employers to pay the federal tipped minimum wage of only \$2.13 per hour. 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.⁸ In West Virginia, women are 73 percent of tipped workers and 79 percent of restaurant servers, the state's largest group of tipped workers.⁹
- West Virginia families are struggling in this tough economy. Nearly half (48 percent) of black families with children are in poverty, 28 percent of Hispanic families with children are in poverty, and 36 percent of single-mother families are in poverty.¹⁰



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Raising the minimum wage and the tipped minimum wage would boost wages for working women and people of color in West Virginia and help close the wage gap.

- Increasing the minimum wage to \$8.25 per hour would raise annual full-time earnings by \$2,000 to \$16,500 – a significant boost, though still short of lifting a parent with two children out of poverty.¹¹
- The minimum cash wage for tipped employees in West Virginia is set at 80 percent of the full minimum wage, so raising the minimum wage to \$8.25 would increase pay for many tipped workers to \$6.60 per hour. For tipped workers currently covered by the state law, that would mean an increase of \$1,600 per year for full-time work¹² – and SB 411 would ensure that more tipped employees are entitled to an increase by eliminating an exemption that has allowed many employers to pay only the federal tipped minimum cash wage. Newly covered tipped workers would see an increase of \$8,940 per year for full-time work.¹³

- By indexing wages to inflation, the bill would also prevent the minimum wage and the tipped minimum wage from falling relative to the cost of living.¹⁴
- Increasing the minimum wage would mean higher pay for thousands of West Virginia women and help close the wage gap.¹⁵ West Virginia women working full time, year round are paid only 70 cents for every dollar paid to their male counterparts.¹⁶ Black women working full time, year round make only 59 cents, and Hispanic women only 58 cents, for every dollar paid to their white, non-Hispanic male counterparts.¹⁷

Raising the minimum wage would strengthen West Virginia's economy.

- Increasing the wages paid to low-wage workers results in lower turnover, boosts worker efforts, and encourages employers to invest in their workers¹⁸ – and raising the minimum wage does not cause job loss, even during periods of recession.¹⁹
- 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.²⁰

1 NWLC calculations based on unpublished U.S. Dep't of Labor, Bureau of Labor Statistics (BLS) data. Figures are annual averages for 2012. Women represent 65 percent of people making the state minimum wage or less in West Virginia.

2 W. Virginia Ctr. on Budget & Policy, Characteristics of West Virginia Workers Who Would Be Affected By Raising the State Minimum Wage to \$8.25 (Jan. 2014), available at <http://www.wvpolicy.org/wp-content/uploads/2014/01/Characteristics-of-West-Virginia-Workers-who-would-be-affected-by-raising-the-state-minimum-wage-to.pdf> 3 *Id.*

4 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$7.25 per hour.

5 U.S. Census Bureau, Poverty Thresholds for 2013, <https://www.census.gov/hhes/www/poverty/data/threshld/index.html> (last visited Feb. 4, 2013).

6 At \$7.25 per hour, West Virginia's minimum wage is the same as the federal minimum wage. The high-water mark for the federal minimum wage of \$1.60 in 1968 (see Doug Hall, EPI, Increasing the Minimum Wage Is Smart for Families and the Economy (May 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. 3, 2014).

7 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$5.80 per hour.

8 Sylvia A. Allegretto & Kai Fillion, EPI, Waiting for Change, at 3-4 (Feb. 2011), available at <http://www.epi.org/page/-/BriefingPaper297.pdf>

9 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.

10 Figures for black families and single-mother families: NWLC calculations from U.S. Census Bureau, 2012 American Community Survey,

<http://www.census.gov/acs/www/> (Tables B17010B, S1702). Figure for Hispanic families: NWLC calculations from 2010-2012 American Community Survey Three-Year Estimates, <http://www.census.gov/acs/www/> (Table B17010I); sample size for 2012 is too small to calculate single-year rate. Figures are based on householder's race.

11 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$8.25 per hour. The poverty line for a family of three with two children in 2013 is \$18,769. See U.S. Census Bureau, *supra* note 6.

12 NWLC calculations assuming 40 hours per week, 50 weeks per year at \$6.60 per hour.

13 A bill recently passed in the House (HB 4283) would raise the state minimum wage to \$8.75 by January 2016 and would also eliminate the exemption that has allowed many employers to pay tipped employees the federal minimum cash wage of \$2.13 per hour. However, because the House bill would also raise the tip credit allowed to employers (from 20 percent to 70 percent of the full minimum wage), the new tipped minimum cash wage among covered workers would be \$2.63 per hour by 2016, rather than the current \$5.80. This means tipped workers currently covered by the state law would see a reduction in the tipped minimum wage of \$3.17 per hour while newly-covered tipped workers would see an increase of just \$.50 per hour (\$1,000 annually for full-time work).

14 HB 4283 does not include indexing.

15 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.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>.

16 NWLC calculations from U.S. Census Bureau, 2012 American Community Survey, <http://www.census.gov/acs/www/> (Tables R2001 and R2002).

17 NWLC calculations from U.S. Census Bureau, 2010-2012 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 (June 2011), available at http://www.americanprogressaction.org/issues/2011/06/higher_minimum_wage.html.

19 Mary Gable & Doug Hall, Econ. Policy Inst., The Benefits of Raising Illinois' Minimum Wage, at 2-3 (Jan. 2012), available at <http://www.epi.org/files/2012/ib321.pdf>.

20 Daniel Aaronson, Sumit Agarwal & Eric French, Fed. Reserve Bank of Chicago, The Spending and Debt Responses to Minimum Wage Increases, at 10 (Revised Feb. 2011), available at http://www.chicagofed.org/digital_assets/publications/working_papers/2007/wp2007_23.pdf.