

MINIMUM WAGE

Higher State Minimum Wages Promote Fair Pay for Women

May 2015 | Julie Vogtman and Katherine Gallagher Robbins

*Women working full time, year round typically make only 78 percent of what their male counterparts make—leaving a wage gap of 22 cents on the dollar.¹ One reason for this wage gap is that women are concentrated in low-wage jobs: they are nearly two-thirds of minimum wage workers and two-thirds of workers in tipped occupations.² Raising the minimum wage would help close this gap by increasing wages for workers at the bottom of the spectrum.³ **Raising the minimum wage and the tipped minimum wage are important steps toward fair pay for women—especially women of color.***

The Federal Minimum Wage & Tipped Minimum Wage

- The federal minimum wage is \$7.25 per hour and the federal minimum cash wage for tipped workers is just \$2.13 per hour.
- Neither minimum wage goes up unless Congress acts, which means they lose value over time. Congress has raised the minimum wage only three times in 30 years. The tipped minimum wage has been frozen for nearly 25 years.⁴
- A full-time, year-round minimum wage worker earns just \$14,500—more than \$4,500 below the poverty line for a mother and two children.⁵

States with higher-than-federal minimum wages also have smaller wage gaps.

- The average wage gap in states with a minimum wage at or above \$8.00 (17.7 cents) is 22 percent smaller than the average wage gap in states with a \$7.25 minimum wage (22.7 cents).⁶
- In 2013, six of the ten states with the narrowest wage gaps had minimum wages above the federal level of \$7.25 per hour. Among the ten states with the widest wage gaps, only one had a minimum wage above \$7.25.⁷

States with the 10 smallest wage gaps, 2013

State	Women's Earnings/ Men's Earnings	Wage Gap	Minimum Wage
District of Columbia	91.3%	8.7%	\$8.25
New York	85.8%	14.2%	\$7.25
Maryland	85.5%	14.5%	\$7.25
Florida	84.3%	15.7%	\$7.79
California	83.9%	16.1%	\$8.00
Arizona	83.6%	16.4%	\$7.80
Hawaii	83.3%	16.7%	\$7.25
Nevada*	83.3%	16.7%	\$8.25
Vermont	83.0%	17.0%	\$8.60
North Carolina	82.8%	17.2%	\$7.25

States with the 10 widest wage gaps, 2013

State	Women's Earnings/ Men's Earnings	Wage Gap	Minimum Wage
Louisiana	65.9%	34.1%	\$7.25
Wyoming	69.3%	30.7%	\$7.25
West Virginia	69.4%	30.6%	\$7.25
Utah	69.9%	30.1%	\$7.25
North Dakota	70.2%	29.8%	\$7.25
Montana*	73.5%	26.5%	\$7.80
Indiana	73.8%	26.2%	\$7.25
Nebraska	74.1%	25.9%	\$7.25
Oklahoma	74.9%	25.1%	\$7.25
South Dakota	75.1%	24.9%	\$7.25

Notes: Earnings ratios and wage gaps are NWLC calculations are based on the [2013 American Community Survey, the most recent data available](#). For comparability 2013 minimum wages are listed (see U.S. Department of Labor, Wage and Hour Division, Minimum Wage Laws in the States [Changes in Basic Minimum Wages, 1968 to 2013](#)). Since 2013 a number of states have enacted legislation to raise the minimum wage (see NWLC's resource [Women and the Minimum Wage, State by State for the current status of each state, available at http://www.nwlc.org/resource/women-and-minimum-wage-state-state](#)).

*Nevada's minimum wage in 2013 was \$7.25 if the employer provided health insurance. In Montana, the minimum wage for businesses with gross annual sales of \$110,000 or less was \$7.25 per hour.

Minimum wage workers are disproportionately women, particularly women of color.

- Women make up nearly two-thirds of all workers who are paid minimum wage or less.⁸ Women are also two-thirds of workers in tipped occupations.⁹
- Women of color are disproportionately represented among minimum wage workers. Twenty-three percent of minimum wage workers are women of color, compared to 16 percent of workers overall.¹⁰
- In 2014, women were about half or more of the workers making at or below the state's minimum wage in every state. In 22 states, women represented more than six in ten of the workers making at or below the state minimum wage, including three states where women represent more than seven in ten of the workers making at or below the state minimum wage.¹¹

Raising the minimum and tipped minimum wages would help close the wage gap.

- In 2013, women working full time, year round were typically paid 78 cents for every dollar paid to their male counterparts. The wage gap was even larger for women of color: African American women working

full time, year round typically made only 64 cents, and Hispanic women only 56 cents, for every dollar paid to their white, non-Hispanic male counterparts.¹²

- By lifting wages for the lowest-paid workers while leaving wages unchanged for those at the top, raising the minimum wage would likely narrow the range of wages paid to workers across the economy—and because women are the majority of workers who would see their pay go up, the wage gap would narrow as well.¹³
- Raising the minimum wage would be especially helpful for women of color, who experience wider wage gaps and are disproportionately represented among minimum wage earners.
- Eliminating the lower tipped minimum cash wage is a critical step to ensure a more stable and adequate base income for the low-paid and predominantly female tipped workforce. When tips fall short of the minimum wage, employers are supposed to make up the difference, but often fail to do so.¹⁴ On average, in the eight states that currently require employers to pay the regular minimum wage before tips, poverty rates among tipped workers are lower—and wage gaps for women overall are smaller—than in states that follow the federal standard.¹⁵

1 NWLC, *The Wage Gap is Stagnant for Nearly A Decade* (Sept. 2014), available at

http://www.nwlc.org/sites/default/files/pdfs/fact_sheet_wage_gap_is_stagnant_2013.pdf.

2 Julie Vogtman & Katherine Gallagher Robbins, NWLC, *Fair Pay for Women Requires a Fair Minimum Wage* (Apr. 2015) available at

http://www.nwlc.org/sites/default/files/pdfs/fair_pay_for_women_requires_a_fair_minimum_wage_apr_2015.pdf. "Minimum wage workers" refers to workers making the federal minimum wage or less.

3 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://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.11.2.75>. See also Francine D. Blau & Lawrence M. Kahn, *Swimming Upstream*, *Journal of Labor Economics*, Jan. 1997, 1-42, at 28, available at

http://econ2.econ.iastate.edu/classes/econ321/orazem/blau_wages.pdf.

4 Sylvia A. Allegretto & David Cooper, *Econ. Policy Inst. & Ctr. on Wage & Employment Dynamics*, Univ. of Ca., Berkeley, *Twenty-Three Years and Still Waiting for Change*, at 3 (July 2014), available at <http://s2.epi.org/files/2014/EPI-CWED-BP379.pdf>.

5 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$7.25 per hour and U.S. Census Bureau, *Poverty Thresholds for 2014*, <https://www.census.gov/hhes/www/poverty/data/threshld/index.html> (last visited May 1, 2015).

6 This average wage gap in all states with minimum wages above \$7.25 per hour (19.3 cents) is also smaller than the average wage gap in states with minimum wages of \$7.25. NWLC calculations of state wage gaps based on U.S. Census Bureau, 2013 American Community Survey, Tables R2001 and R2002, available at <http://www.census.gov/acs/www/>. U.S. Department of Labor, Wage and Hour Division, *Changes in Basic Minimum Wages in Non-Farm Employment Under State Law: Selected years 1968 to 2014*, available at <http://www.dol.gov/whd/state/stateMinWageHis.htm> (last visited Sept. 27, 2014). D.C. is considered a state for the purposes of this comparison.

7 *Id.*

8 Vogtman & Gallagher Robbins, *supra* note 2. This is true for both those 16 and older (63 percent) and 25 and older (65 percent).

9 Allegretto & Cooper, *supra* note 4, at 10.

10 Vogtman & Gallagher Robbins, *supra* note 2.

11 NWLC calculations based on unpublished U.S. Department of Labor, Bureau of Labor Statistics data for all wage and salary workers. Figures are annual averages for 2014. Available data do not permit a precise calculation of the percentage of women making the state minimum wage in all states due to the increments by which wages are reported. Estimates are based on the share of workers who are women at or below the reported wage levels immediately above and below the relevant state's minimum wage. For more information see NWLC, *Women and the Minimum Wage, State by State*, <http://www.nwlc.org/resource/women-and-minimum-wage-state-state> (last visited May 22, 2015).

12 NWLC, *The Wage Gap is Stagnant for Nearly a Decade*, *supra* note 1.

13 See note 3.

14 Allegretto & Cooper, *supra* note 4, at 17-18.

15 Katherine Gallagher Robbins et al., NWLC, *States with Equal Minimum Wages for Tipped Workers Have Smaller Wage Gaps for Women Overall and Lower Poverty Rates for Tipped Workers* (Nov. 2014), available at http://www.nwlc.org/sites/default/files/pdfs/tipped_minimum_wage_worker_wage_gap_nov_2014.pdf. Figures are for 2013.