

## Fair Pay for Women and People of Color in Massachusetts Requires Increasing the Minimum Wage and the Tipped Minimum Wage

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*Tens of thousands of workers in Massachusetts – mostly women and people of color – struggle to make ends meet on minimum wage earnings. A bill pending in the Massachusetts legislature (H. 1701/S. 878) would gradually raise the state minimum wage from \$8.00 to \$11.00 per hour, increase the tipped minimum cash wage from \$2.63 per hour to 70 percent of the minimum wage, and index both wages to keep pace with inflation.<sup>1</sup> **Increasing the minimum wage and tipped minimum wage are key steps toward fair pay for women and people of color in Massachusetts.***

### Women and people of color are more likely to be paid the minimum wage.

- Women were about six in ten Massachusetts workers who were paid the state minimum wage or less in 2012.<sup>2</sup> 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;<sup>3</sup> among women who made the federal minimum wage, more than 15 percent were black and more than 18 percent were Hispanic.<sup>4</sup>
- Overall, people of color are disproportionately represented among minimum wage workers. Nationally, black and Hispanic workers were about 11 percent and 15 percent of all workers in 2012, respectively;<sup>5</sup> among workers who made the federal minimum wage, 15 percent were black and over 20 percent were Hispanic.<sup>6</sup>

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

- A woman working full time, year round in Massachusetts at the current minimum wage of

\$8.00 per hour will earn just \$16,000 annually.<sup>7</sup> That's nearly \$2,500 below the federal poverty line for a mother with two children.<sup>8</sup> If the federal minimum wage (currently \$7.25 per hour) had kept pace with inflation, it would be over \$10.70 per hour today<sup>9</sup> and likely would exceed \$11.00 per hour by 2015, when the Massachusetts minimum wage would reach \$11.00 under H. 1701/S.878.

- The minimum cash wage for tipped employees in Massachusetts is \$2.63 per hour – just \$5,260 a year.<sup>10</sup> 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.<sup>11</sup> In Massachusetts, women are 67 percent of tipped workers and more than three quarters of restaurant servers, the state's largest group of tipped workers.<sup>12</sup> Among restaurant servers in Massachusetts, median annual earnings for women are just \$10,164, compared to \$17,100 for men.<sup>13</sup>
- Massachusetts families are struggling in this tough economy. In 2011, 23 percent of black families with children were in poverty,<sup>14</sup> 36 percent of Hispanic families with children were in poverty,<sup>15</sup> and 35 percent of single-mother families were in poverty.<sup>16</sup>

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

- Increasing the minimum wage to \$11.00 per hour would boost annual full-time earnings to \$22,000, an increase of \$6,000 per year – enough to lift a family of three out of poverty. Raising the tipped minimum cash wage to 70 percent of \$11.00 per hour (\$7.70 per hour) would mean an increase of \$10,140 per year for full-time work, providing more stable and adequate base earnings for tipped employees.<sup>17</sup> Indexing these wages to inflation would prevent their value from falling further relative to the cost of living.
- Increasing the minimum wage and the tipped minimum wage would mean higher pay for thousands of Massachusetts women and help close the wage gap.<sup>18</sup> In 2011, Massachusetts women working full time, year round were paid only 77 cents for every dollar paid to their male counterparts.<sup>19</sup>

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.<sup>20</sup>

## Raising the minimum wage would strengthen the economy in Massachusetts.

- Increasing the wages paid to low-wage workers results in lower turnover, boosts worker efforts, and encourages employers to invest in their workers.<sup>21</sup>
- Raising the minimum wage does not cause job loss, even during periods of recession.<sup>22</sup> In fact, the Economic Policy Institute estimates that raising the minimum wage in Massachusetts would create thousands of new jobs.<sup>23</sup>
- 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.<sup>24</sup>

1 H. 1701 & S. 878, 188th Gen. Ct., Reg. Sess. (Mass. 2013).

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 Massachusetts (\$8.00 per hour). However, women were nearly 65 percent of workers making \$7.99 per hour or less and nearly 58 percent of workers making \$8.99 per hour or less in Massachusetts 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 June 7, 2013). Figure for Hispanic women from Table 4, <http://www.bls.gov/cps/cpsaat04.htm> (last visited June 7, 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/minwag-e2012tbls.htm> (Table 1). The term "minimum wage workers" refers to workers who make the federal minimum wage or less.

5 NWLC calculations, *supra* note 3.

6 NWLC calculations, *supra* note 4.

7 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$8.00 per hour.

8 U.S. Census Bureau, Poverty Thresholds for 2012, <https://www.census.gov/hhes/www/poverty/data/threshld/index.html> (last visited Mar. 7, 2013).

9 At \$8.00 per hour, the Massachusetts 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/](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](http://www.bls.gov/data/inflation_calculator.htm) (last visited June 18, 2013).

10 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$2.63 per hour.

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

12 Steven Ruggles, J. Trent Alexander, Katie Genadek, Ronald Goeken, Matthew B. Schroeder, & Matthew Sobek, Integrated Public Use Microdata Series: Version 5.0 [Machine-readable database]. Minneapolis: University of Minnesota, 2010. Data are from the American Community Survey 2009-2011 three-year averages; refers to employed tipped workers. Tipped workers include: waiters & waitresses (i.e. restaurant servers); bartenders; counter attendants, cafeteria, food, & coffee shop; dining room & cafeteria attendants & bartender helpers; food servers, non-restaurant; taxi drivers & chauffeurs; parking lot attendants; hairdressers, hairstylists, & cosmetologists; barbers; personal appearance workers; porters, bellhops, & concierges; & gaming services workers.

13 *Ibid.* Median earnings are for restaurant servers who are employed.

14 NWLC calculations from U.S. Census Bureau, 2011 American Community Survey, <http://www.census.gov/acs/www/> (Table B17010B). Figures are for households where the householder's race is black alone.

15 *Ibid.* (Table B17010I). Figures are for households where the householder's ethnicity is Hispanic or Latino.

16 *Ibid.* (Table S1702).

17 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$11.00 per hour for the minimum wage and \$7.70 per hour for the tipped minimum wage.

18 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](http://aysps.gsu.edu/isp/files/ISP_SUMMER_SCHOOL_2008_CURRIE_Swimming_Upstream.pdf).

19 NWLC calculations from U.S. Census Bureau, 2011 American Community Survey, <http://www.census.gov/acs/www/> (Tables R2001 and R2002).

20 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).

21 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](http://www.americanprogressaction.org/issues/2011/06/higher_minimum_wage.html).

22 Mary Gable & Douglas Hall, EPI, The Benefits of Raising Illinois' Minimum Wage, at 2-3 (2012), available at <http://www.epi.org/files/2012/ib321.pdf>.

23 Mary Gable, EPI, A Massachusetts Minimum Wage Increase Would Help Working Families and Generate Jobs (Aug. 2012), available at [http://www.epi.org/files/2012/ib340\\_minimum\\_wage\\_massachusetts1.pdf](http://www.epi.org/files/2012/ib340_minimum_wage_massachusetts1.pdf). EPI estimates that raising the state minimum wage to \$10.00 per hour would create approximately 4,500 net new jobs within the first year after the increase.

24 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](http://www.chicagofed.org/digital_assets/publications/working_papers/2007/wp2007_23.pdf).