



Fair Pay for Women in North Carolina Requires Increasing the Minimum Wage and the Tipped Minimum Wage

March 2014 | Julie Vogtman & Katherine Gallagher Robbins

*Minimum wage workers in North Carolina – mostly women – struggle to make ends meet on earnings of just \$7.25 per hour (\$2.13 per hour for tipped workers), the same as the federal level. The Fair Minimum Wage Act (H.R. 1010/S. 460) and the Minimum Wage Fairness Act (S. 1737) would gradually raise the federal minimum wage to \$10.10 per hour, increase the tipped minimum cash wage to 70 percent of the 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 North Carolina.***

Women are a large majority of minimum wage earners in North Carolina.

- Women are nearly two-thirds of North Carolina 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

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

- A woman working full time, year round in North Carolina at the current minimum wage of \$7.25 per hour will earn just \$14,500 annually⁴ – more than \$4,000 below the federal poverty line for a mother with two children.⁵ If the federal minimum wage had kept pace with inflation, it would be over \$10.70 per hour today.⁶
- The minimum cash wage for tipped employees in North Carolina is \$2.13 per hour – just \$4,260 a year.⁷ While employers are responsible for making sure that their tipped employees are paid the minimum wage, many are paid less due to wage theft and other illegal practices.⁸ In North Carolina, women are 73 percent of

tipped workers and 77 percent of restaurant servers, the state's largest group of tipped workers.⁹

- North Carolina families are struggling in this tough economy. About a third (34 percent) of black families with children are in poverty, 39 percent of Hispanic families with children are in poverty, and 36 percent of single-mother families are in poverty.¹⁰

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

- Increasing the minimum wage to \$10.10 per hour would boost annual full-time earnings by \$5,700 to \$20,200, enough to pull a family of three out of poverty. Raising the tipped minimum cash wage to 70 percent of \$10.10 per hour (\$7.07 per hour) would mean an increase of \$9,880 per year for full-time work, providing more stable and adequate base earnings for tipped employees.¹¹ Indexing these wages to inflation would prevent their value from falling 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, over 1 million North Carolina workers would get a raise. Of the total affected workers, about 578,000 (55 percent) are women.¹²



- Of the more than 1 million workers who would get a raise, about 937,000 (89 percent) are at least 20 years old, and 303,000 (29 percent) are parents. About 518,000 North Carolina children – more than one in five 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 North Carolina's minimum wage workers, increasing the minimum wage and the tipped minimum wage would help close the wage gap.¹⁴ North Carolina women working full time, year round are paid only 82 cents for every dollar paid to their male counterparts.¹⁵ Black women working full time, year round make only 65 cents, and Hispanic women only 48 cents, for every dollar paid to their white, non-Hispanic male counterparts.¹⁶

Raising the minimum wage would strengthen the economy in North Carolina.

- 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 would generate over \$1 billion in additional economic activity and create or support about 3,700 new jobs in North Carolina.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> (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 (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 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. 28, 2014).

6 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 \$10.75 in 2014 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. 28, 2014).

7 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$2.13 per hour.

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

9 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.

10 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.

11 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$10.10 per hour for the minimum wage and \$7.07 per hour for the tipped 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 21 (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 from 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>.