



## WOMEN IN D.C. NEED ONE FAIR MINIMUM WAGE

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The District of Columbia has one of the highest costs of living in the nation, and its minimum wage of \$10.50 per hour (\$11.50 as of July 1) leaves thousands of minimum wage workers—a group made up mostly of women—struggling to support themselves and their families.<sup>1</sup> An initiative proposed for the November 2016 ballot would increase D.C.'s minimum wage to \$15.00 per hour by July 2020, then index it to keep pace with inflation. The initiative would also gradually increase D.C.'s separate minimum cash wage for tipped workers—which is just \$2.77 per hour—until it matches the minimum wage for all other workers in 2025,<sup>2</sup> thereafter providing the same minimum wage to tipped and non-tipped workers alike.

**Establishing one fair minimum wage is a key step toward equal pay for D.C. women, especially women of color.**

**Minimum wage workers and tipped workers in the District of Columbia need a raise.**

- A woman working full time at D.C.'s minimum wage earns just \$21,000 annually (\$23,000 beginning in July, when the wage will rise to \$11.50 per hour)—far less than what families need to cover the extremely high costs of housing, groceries, child care, and other necessities in the nation's capital.<sup>3</sup>
- At \$2.77 per hour, D.C.'s minimum cash wage for tipped workers is just slightly higher than the federal minimum of \$2.13 per hour and amounts to only \$5,540 a year for full-time work. Although employers are obligated to make up the difference when tips fall short of the full minimum wage, many fail to do so.<sup>4</sup> As a result, tipped workers often must struggle to make ends meet on unpredictable tips with virtually no dependable income from a paycheck.
- Among women tipped workers in the District, more than one in five (22 percent) live in poverty—double the rate for men tipped workers (11 percent), and more than twice the rate for working women and men overall.<sup>5</sup>

- Female restaurant servers and bartenders in the District have especially low incomes: more than one in four (28 percent) live in poverty, compared to 12 percent of male servers and bartenders.<sup>6</sup>
- In addition, workers who rely on variable tips at the whim of customers for the bulk of their income, rather than being able to depend on set wages from their employer, are more vulnerable to sexual harassment on the job: a recent study from Restaurant Opportunities Centers United found that women tipped workers in states with a \$2.13 tipped minimum wage are twice as likely to experience sexual harassment as their counterparts in states where employers are required to pay the regular minimum wage before tips.<sup>7</sup>

### Who Are D.C.'s Low-Wage Workers?

- **Women—especially women of color.** Women represent just under half (49 percent) of D.C.'s workforce, but they are the majority (53 percent) of workers who would benefit from a \$15.00 minimum wage. Women of color, who are just over a quarter of D.C.'s workforce (28 percent), are 42 percent of workers who would benefit. **One in seven working women in D.C.—including one in five working women of color—would get a raise if the minimum wage rose to \$15.00 per hour by 2020.**<sup>8</sup>
- **Adults.** Nearly 98 percent of the workers who would benefit from raising D.C.'s minimum wage to \$15.00 per hour are adults. **More than three-quarters of D.C. workers who would get a raise under the \$15.00 initiative are at least 25 years old, and one-third are age 40 or older.**<sup>9</sup>
- **Parents.** Of the workers who would benefit from raising D.C.'s minimum wage to \$15.00 per hour, 29 percent have children. **Nearly one in five children in the D.C. area live with at least one parent who would get a raise under the \$15.00 initiative.**<sup>10</sup>



## Raising the minimum wage would boost wages for thousands of working women in the District, helping them support themselves and their families.

- The Economic Policy Institute estimates that if the minimum wage rises to \$15.00 per hour by 2020, 114,000 District workers will get a raise—by \$2,900 a year, on average. Of the total affected workers, nearly 60,000 are women.<sup>11</sup>
- Of the workers who would get a raise, 33,000 are parents, including nearly 14,000 single parents—representing close to one-fifth of all working parents in D.C. who are supporting children on their own.<sup>12</sup> About eight in ten working single parents in the District are women.<sup>13</sup>

## Raising the minimum wage would help close the wage gap, especially for women of color.

- Workers of color comprise nearly 80 percent of the workers who would benefit from the proposed ballot initiative, and the majority of these workers are women.<sup>14</sup>
- By concentrating income gains among women and workers of color, raising the minimum wage to \$15.00 per hour could help close the persistent wage gap that women—especially women of color—face in D.C.<sup>15</sup> Women working full time, year round in the District make about 10 percent less than their male counterparts. Women of color in particular experience wider wage gaps than almost anywhere else in the country: African American women typically make 56 cents, and Latinas just 50 cents, for every dollar white men make.<sup>16</sup>
- One in five women of color working in the District would get a raise under the proposed ballot initiative.<sup>17</sup> Nearly 28,600 African American women would see their annual income rise by an average of about \$3,100; over 13,100 Latinas would receive an average raise of about \$2,900 a year.<sup>18</sup>

## Raising the minimum wage would reduce poverty and strengthen D.C.'s economy.

- Raising the minimum wage to \$15.00 per hour by 2020 would boost incomes for close to half (49 percent) of D.C. workers who are living in poverty, and for just over half (52 percent) of workers with family incomes between 100 and 200 percent of the poverty line.<sup>19</sup>
- Providing the same minimum wage for tipped workers would ensure a more stable and adequate base income for those workers. In the states where employers must pay their tipped workers the regular minimum wage before tips, the average poverty rate for women tipped workers is 33 percent lower—and the average gender wage gap is 14 percent smaller—than in states with a \$2.13 tipped minimum cash wage.<sup>20</sup> These gains have not come at the expense of business; the states with one minimum wage for all workers have experienced higher restaurant sales per capita and greater growth in restaurant industry jobs than the states with lower minimum wages for tipped workers.<sup>21</sup>
- Raising the minimum wage can be expected to benefit communities and the broader economy as workers spend their higher earnings at local businesses.<sup>22</sup> Higher wages can also benefit employers by reducing turnover and increasing worker effort.<sup>23</sup> And evidence from cities like San Jose, San Francisco, and Seattle that have begun to phase in a \$15.00 minimum wage indicates that employment has in fact grown along with workers' paychecks.<sup>24</sup>

1 Women represent more than half of minimum wage workers in the District of Columbia. NWLC calculations based on unpublished U.S. Dep't of Labor, Bureau of Labor Statistics (BLS) 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 D.C. due to the increments by which wages are reported; estimate is based on the share of workers who are women at or below the reported wage levels immediately above and below the minimum wage. "Minimum wage workers" refers to workers making the minimum wage or less.

2 See David Cooper, Econ. Policy Inst. (EPI), Raising the D.C. Minimum Wage to \$15 by 2020 Would Lift Wages for 114,000 Working People, at 4 (May 2016), available at <http://www.epi.org/files/pdf/104915.pdf>.

3 See, e.g., Elise Gould, Tanyell Cooke, & Will Kimball, EPI, Family Budget Calculator, <http://www.epi.org/resources/budget/> (last visited May 16, 2016) (showing a family with one adult and two children needs an income of \$104,208 to attain a "modest yet adequate standard of living" in the District of Columbia). Under current law, D.C.'s minimum wage will be adjusted annually based on inflation beginning in 2017, but it is not projected to reach \$15.00 per hour until after 2025. See Cooper, *supra* note 2. Calculations of annual earnings in this document assume 40 hours per week, 50 weeks per year at the specified wage rate.

4 See, e.g., Sylvia A. Allegretto & David Cooper, Econ. Policy Inst. (EPI) & Ctr. on Wage & Employment Dynamics, Univ. of Ca., Berkeley, Twenty-Three Years and Still Waiting for Change, at 17-18 (2014), available at <http://s2.epi.org/files/2014/EPI-CWED-BP379.pdf>.

5 NWLC calculations based on American Community Survey (ACS) 2010-2014 five-year averages using Steven Ruggles et al., Integrated Public Use Microdata Series: Version 5.0 [Machine-readable database]. Minneapolis: University of Minnesota, 2010. Figures are for employed workers. NWLC defines tipped workers as all workers in a set of predominately tipped occupations identified in Allegretto & Cooper, *supra* note 4, at 20, 23. The poverty rate for working women in D.C. is 9.3 percent; for working men, it is 6.8 percent.

6 *Id.*

7 Restaurant Opportunities Ctr. United (ROC United) & Forward Together, et al., The Glass Floor: Sexual Harassment in the Restaurant Industry, at 14-16 (Oct. 2014), available at [http://rocunited.org/wp-content/uploads/2014/10/REPORT\\_The-Glass-Floor-Sexual-Harassment-in-the-Restaurant-Industry2.pdf](http://rocunited.org/wp-content/uploads/2014/10/REPORT_The-Glass-Floor-Sexual-Harassment-in-the-Restaurant-Industry2.pdf).



- 8 Cooper, *supra* note 2, at 7, 20.
- 9 *Id.* at 5-6, 20.
- 10 *Id.* at 13-14, 20-21.
- 11 *Id.* at 2, 19-20.
- 12 *Id.* at 13-14, 20.
- 13 NWLC calculations based on *id.* at 20.
- 14 Cooper, *supra* note 2, at 7, 20. An estimated 47,200 women of color would benefit from the proposed ballot initiative, representing 41.5 percent of total beneficiaries; 43,300 men of color would benefit (38.0 percent of total beneficiaries). *Id.* at 20.
- 15 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](http://econ2.econ.iastate.edu/classes/econ321/orazem/blau_wages.pdf).
- 16 See NWLC, The Wage Gap, State by State, <http://nwlc.org/resources/wage-gap-state-state/> (last visited May 13, 2016).
- 17 Cooper, *supra* note 2, at 7, 20.
- 18 Unpublished EPI estimates (on file with author). Because white men typically earn more than women of color, the share benefiting would be considerably smaller: approximately 5 percent of white men (10,500) working in the District would be affected by the proposed wage increase, and among those benefiting, the average annual wage increase would be approximately \$2,600. *Id.*
- 19 Cooper, *supra* note 2, at 13.
- 20 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 (May 2015), available at [http://nwlc.org/wp-content/uploads/2015/08/tipped\\_minimum\\_wage\\_worker\\_wage\\_gap\\_may\\_2015.pdf](http://nwlc.org/wp-content/uploads/2015/08/tipped_minimum_wage_worker_wage_gap_may_2015.pdf).
- 21 See ROC United, The Impact of Raising the Subminimum Wage on Restaurant Sales & Employment (March 2014), available at [http://rocunited.org/wp-content/uploads/2014/03/ROC-United\\_FactSheet-on-TMW.pdf](http://rocunited.org/wp-content/uploads/2014/03/ROC-United_FactSheet-on-TMW.pdf).
- 22 See generally T. William Lester et al., Ctr. for Amer. Progress, Raising the Minimum Wage Would Help, Not Hurt, Our Economy (Dec. 2013), available at <https://www.americanprogressaction.org/issues/labor/news/2013/12/03/80222/raising-the-minimum-wage-would-help-not-hurt-our-economy/>. See also John Schmitt, Ctr. for Econ. & Policy Research, Why Does the Minimum Wage Have No Discernible Effect on Employment? (Feb. 2013), available at <https://cepr.net/documents/publications/min-wage-2013-02.pdf> (reviewing research demonstrating that minimum wage increases historically do not cause job loss, even during period of recession).
- 23 See, e.g., Justin Wolfers & Jan Zilinsky, Peterson Inst. for Int'l Economics, Higher Wages for Low-Income Workers Lead to Higher Productivity (Jan. 2015), available at <https://piie.com/blogs/realtime-economic-issues-watch/higher-wages-low-income-workers-lead-higher-productivity>.
- 24 See NELP & Fiscal Policy Inst., Myth vs. Fact on a \$15 Minimum Wage for New York, at 6 (Feb. 2016), available at <http://nelp.org/content/uploads/NELP-FPI-Myth-vs-Fact-15-Minimum-Wage-New-York.pdf>.

