



WOMEN IN MAINE NEED ONE FAIR MINIMUM WAGE

Minimum wage workers in Maine—mostly women—struggle to support themselves and their families on earnings of just \$7.50 per hour. A citizens' initiative proposed for the November 2016 ballot (Question 4) would increase the state minimum wage to \$12.00 per hour by 2020, then index it to rise along with the cost of living. The initiative would also gradually increase the separate minimum cash wage for tipped workers—which is just \$3.75 per hour—so that it matches the minimum wage for all other workers by 2024, thereafter providing the same minimum wage to tipped and non-tipped workers alike.

Establishing one fair minimum wage is a key step toward fair pay for Maine women.

Who Are Maine's Low-Wage Workers?

- **Women.** Women are about six in ten minimum wage workers¹ and close to eight in ten tipped workers in Maine.² *Three in ten working women in Maine would get a raise if the minimum wage rose to \$12.00 per hour by 2020.*³
- **Adults.** Ninety percent of the workers who would benefit from raising the minimum wage to \$12.00 per hour are adults. *Two-thirds of Maine workers who would get a raise under the \$12.00 initiative are at least 25 years old, and four in ten are 40 or older.*⁴
- **Parents.** Of the workers who would benefit from raising Maine's minimum wage to \$12.00 per hour, one-quarter have children. *More than one in three working parents in Maine who are supporting children on their own would get a raise under the \$12.00 initiative.*⁵

Minimum wage workers and tipped workers in Maine need a raise.

- A woman working full time at Maine's minimum wage earns just \$15,000 annually, more than \$4,000 below the federal poverty line for a mother with two children.⁶
- At \$3.75 per hour, Maine's minimum cash wage for tipped workers amounts to just \$7,500 a year for full-time work, providing little income to rely on when fluctuating tips make it difficult to cover regular expenses like rent and groceries. Although employers are obligated to ensure that their tipped employees receive at least the regular minimum wage—making up the difference when tips fall short—many fail to do so.⁷
- About eight in ten tipped workers in Maine are women.⁸ Close to 19 percent of Maine's female tipped workers live in poverty, more than double the rate for working women overall.⁹ Women who have to 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 also more vulnerable to sexual harassment on the job.¹⁰

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

- The Maine Center for Economic Policy estimates that if the minimum wage rises to \$12.00 per hour by 2020, 181,000 Maine workers will get a raise—by \$3,485 a year, on average. Of the total affected workers, a majority (93,000) are women.¹¹
- Of the workers who would get a raise, 45,000 are parents, including 17,000 single parents—representing more than one-third of all working parents in Maine who are supporting children on their own.¹² In Maine, 70 percent of single parents are women.¹³
- Nearly one-quarter of all children in Maine live with at least one parent who would get a raise.¹⁴



Raising the minimum wage would reduce poverty and strengthen Maine's economy.

- Raising Maine's minimum wage to \$12.00 per hour would boost annual full-time earnings for a minimum wage worker to \$24,000 by 2020, enough to lift a family of three above the poverty line.¹⁵
- Providing the same minimum wage for the predominantly female tipped workforce would ensure a more stable and adequate base income for those workers, who currently earn an average of just \$8.72 per hour including tips.¹⁶ In states where employers have to 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.¹⁷ 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.¹⁸

- Raising the minimum wage can benefit communities and the broader economy as workers spend their higher earnings at local businesses.¹⁹ Higher wages can also benefit employers by reducing turnover and increasing worker effort.²⁰

- 1 NWLC calculations based on unpublished U.S. Department of Labor (DOL), Bureau of Labor Statistics annual averages for 2015 for all wage and salary workers. "Minimum wage workers" refers to workers making the minimum wage or less. Calculating the precise share of women minimum wage workers is not possible in Maine due to the increments by which wages are reported.
- 2 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 predominantly tipped occupations identified in 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 20, 23 (2014), available at <http://s2.epi.org/files/2014/EPI-CWED-BP379.pdf>.
- 3 Maine Ctr. for Econ. Policy (MECEP), Restoring the Value of Work: A \$12 Minimum Wage Will Strengthen Maine's Economy and Enable Working Mainers to Make Ends Meet, at 12 (Aug. 2016), available at http://www.mecep.org/wp-content/uploads/2016/08/Minimum-wage-brief_final_08-17-16.pdf?utm_source=Press+Release%3A+Minimum+Wage+Report+release+8-17-2016&utm_campaign=Minimum+wage+report+8-17-2016&utm_medium=email. Estimates are based on ACS 2014 microdata and include workers earning slightly above \$12.00 per hour, who would see their pay increase due to the higher floor set by the new minimum wage.
- 4 *Id.*
- 5 *Id.* at 13.
- 6 U.S. Census Bureau, Poverty Thresholds for 2015, <https://www.census.gov/hhes/www/poverty/data/threshld/index.html> (last visited July 12, 2016). The poverty line in 2015 for a mother and two children is \$19,096. Throughout this analysis, NWLC calculations regarding full-time earnings assume 40 hours per week, 50 weeks per year.
- 7 See, e.g., Allegretto & Cooper, *supra* note 2, at 17-18.
- 8 NWLC calculations based on ACS 2010-2014 five-year averages, *supra* note 2.
- 9 *Id.* The poverty rate for working women in Maine is 8.9 percent.
- 10 A recent study found that female tipped workers in states with a \$2.13 tipped minimum wage are twice as likely to experience sexual harassment compared to their counterparts in states where employers are required to pay the regular minimum wage before tips. Restaurant Opportunities Ctr. 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.
- 11 MECEP, *supra* note 3.
- 12 *Id.* at 13.
- 13 Figures are for families with children under 18. NWLC calculations based on ACS 2014, one-year estimates, Table B17010: Poverty status in the past 12 months of families by family type by presence of related children under 18 years by age of related children, available at http://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_14_1YR_B17010&prodType=table.
- 14 EPI, Estimated Effects of Maine Minimum Wage Increase to \$12 (June 2016) (unpublished; on file with authors).
- 15 See U.S. Census Bureau, *supra* note 6. Twenty-four thousand dollars is above both today's poverty line for a family of three (\$19,096) as well as the estimated poverty line for 2020, which NWLC calculates to be less than \$22,000 based on the Congressional Budget Office's predictions regarding the CPI-U (the inflation measure used to increase the Census Bureau's poverty thresholds annually) for 2015 through 2020.
- 16 See Mainers for Fair Wages, Why Raise the Minimum Wage in Maine?, <http://fairwagemaine.com/why-raise-the-minimum-wage-in-maine-2/> (last visited July 12, 2016).
- 17 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.
- 18 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.
- 19 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).
- 20 See, e.g., Justin Wolfers & Jan Ziliinsky, 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>.

