



WORKPLACE JUSTICE

HIGHER STATE MINIMUM WAGES PROMOTE EQUAL PAY FOR WOMEN

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Women working full time, year round typically make only 80 percent of what their male counterparts make—leaving a wage gap of 20 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,² and two-thirds of workers in tipped occupations are women.³ Women of color are particularly overrepresented among minimum wage and tipped workers.⁴

But raising the minimum wage can help close the wage gap by increasing wages for workers at the bottom of the spectrum.⁵ Women working full time in states with a minimum wage of at least \$8.25 per hour in fact face a wage gap that is 41 percent smaller than the wage gap in states that follow the federal minimum wage of \$7.25 per hour.⁶ Raising the minimum wage and the tipped minimum wage are important steps toward equal pay for women, including women of color.

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

- States with a minimum wage at or above \$8.25 per hour have a gender wage gap of 13.5 cents—about 41 percent smaller than the gender wage gap of 23 cents in states with a \$7.25 minimum wage.⁷

States with the 10 smallest wage gaps, 2015

State	Women's Earnings as a Percentage of Men's Earnings	Wage Gap	Minimum Wage
New York	88.7%	11.3%	\$8.75
Delaware	88.5%	11.5%	\$8.25
Florida	86.6%	13.4%	\$8.05
District of Columbia	86.1%	13.9%	\$10.50
North Carolina	85.9%	14.1%	\$7.25
Rhode Island	85.8%	14.2%	\$9.00
California	85.7%	14.3%	\$9.00
New Mexico	84.6%	15.4%	\$7.50
Hawaii	84.1%	15.9%	\$7.75
Vermont	83.8%	16.2%	\$9.15

States with the 10 widest wage gaps, 2015

State	Women's Earnings as a Percentage of Men's Earnings	Wage Gap	Minimum Wage
Wyoming	64.4%	35.6%	\$7.25
Louisiana	68.0%	32.0%	\$7.25
West Virginia	70.6%	29.4%	\$8.00
Utah	71.1%	28.9%	\$7.25
North Dakota	71.1%	28.9%	\$7.25
Montana*	72.5%	27.5%	\$8.05
Oklahoma	73.2%	26.8%	\$7.25
Idaho	73.5%	26.5%	\$7.25
Michigan	74.3%	25.7%	\$8.15
Ohio*	74.7%	25.3%	\$8.10

Notes: Earnings ratios and wage gaps are NWLC calculations based on the 2015 American Community Survey, the most recent data available. For comparability, 2015 minimum wages are listed (see U.S. Department of Labor, Wage & Hour Div., Changes in Basic Minimum Wages Under State Law, 1968 to 2016). Since 2015, 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>).

*Ohio's minimum wage in 2015 was \$7.25 per hour for employers with gross annual sales of \$299,000 or less; in Montana, it was \$7.25 per hour for employers with gross annual sales of \$110,000 or less.



- In 2015, nine of the ten states with the narrowest wage gaps had minimum wages above the federal level of \$7.25 per hour—and six had minimum wages of at least \$8.25 per hour. Among the ten states with the widest wage gaps, only four had a minimum wage above \$7.25, and none had a minimum wage above \$8.15 per hour.⁸

Raising the minimum wage would especially help women, particularly women of color.

- In 2015, in 45 states and the District of Columbia, women were more than half of the workers making at or below the state’s minimum wage. In 30 states, women represented at least six in ten of the workers making at or below the state minimum wage, including 12 states where women represent at least seven in ten workers making at or below the state minimum wage.⁹
- Women of color are particularly overrepresented among low-wage workers,¹⁰ and would therefore particularly benefit from a higher minimum wage. For example, according to the Economic Policy Institute, increasing the federal minimum wage to \$15 per hour by 2024 would give one-third of all working women a raise—and that includes just over 37 percent of working women of color.¹¹

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

- In 2015, when comparing all women working full time, year round to all men, women were typically paid 80 cents for every dollar paid to their male counterparts. The wage gap was even larger for women of color: Black women working full time, year round typically made only 63 cents, and Latina women only 54 cents, for every dollar paid to their white, non-Hispanic male counterparts.¹²

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 every year. Congress has raised the minimum wage only four times in the past 40 years, and enacted the last increase a decade ago.¹³ The tipped minimum wage has been frozen for 26 years.¹⁴
- A full time, year round minimum wage worker earns just \$14,500—nearly \$5,000 below the poverty line for a mother and two children.¹⁵

- By lifting wages for the lowest-paid workers, 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.¹⁶
- Ensuring that tipped workers are paid the regular minimum wage is a critical step to ensure a more stable and adequate base income for the typically low-paid and predominantly female tipped workforce. When tips plus wages fall short of bringing a tipped worker up to the standard minimum wage, employers are supposed to make up the difference, but often fail to do so.¹⁷ On average, in the states that currently require employers to pay the regular minimum wage before tips, poverty rates among women tipped workers are lower—and wage gaps for women tipped workers as well as women overall are smaller—than in states that follow the federal standard.¹⁸

1 NWLC, *The Wage Gap is Stagnant for a Decade* (Sept. 2016), available at <http://nwlc.org/wp-content/uploads/2016/09/Wage-Gap-Stagnant-2016-3.pdf>.

2 U.S. Dep’t of Labor, Bureau of Labor Statistics (BLS), *Characteristics of Minimum Wage Workers, 2015*, Table 1 (Apr. 2016), available at <http://www.bls.gov/opub/reports/minimum-wage/2015/home.htm#table1>. “Minimum wage workers” refers to workers making the federal minimum wage or less.

3 NWLC, *Women and the Tipped Minimum Wage, State by State* (Oct. 2016), available at <http://nwlc.org/resources/tipped-workers/>. Figures include employed workers only; tipped workers are defined as all workers in a set of predominately tipped occupations as identified by 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 (July 2014), available at <http://s2.epi.org/files/2014/EPI-CWED-BP379.pdf>.

4 Women of color are 17 percent of all workers, 22 percent of minimum wage workers and 23 percent of tipped workers. Minimum wage worker figures are NWLC calculations based on BLS, *supra* note 2. Overall worker figures and tipped worker figures are NWLC calculations based on U.S. Census Bureau, *American Community Survey (ACS) 2015*, using IPUMS USA.

5 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 <https://www.aeaweb.org/articles?id=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.

6 See *infra* note 7.



- 7 NWLC calculations based on U.S. Census Bureau, 2015 ACS 1-year estimates using IPUMS USA. Figures represent the median wage gaps for women who are employed full time, year round compared to their male counterparts across all of the states in each minimum wage category (i.e., states with a \$7.25 minimum wage and states with a minimum wage of \$8.25 or higher). The wage gap in all states with minimum wages above \$7.25 per hour (20 cents) is also smaller than the wage gap in states with minimum wages of \$7.25 (23 cents). *Id.* Note that a prior version of this analysis employed a different methodology, which examined the average of individual median wage gaps for each group of states; the same trend is evident using either methodology.
- 8 Wage gaps are NWLC calculations based on U.S. Census Bureau, ACS 2015, Tables R2001 and R2002, *available at* <https://www.census.gov/programs-surveys/acs/> (last visited Feb. 16, 2017). State minimum wages for 2015 are derived from U.S. Dep't of Labor, Wage & Hour Div., Changes in Basic Minimum Wages Under State Law, 1968 to 2016, <http://www.dol.gov/whd/state/stateMinWageHis.htm> (last visited Feb. 16, 2017). D.C. is considered a state for the purposes of this comparison.
- 9 NWLC calculations based on unpublished U.S. Dep't of Labor, Bureau of Labor Statistics data for all wage and salary workers. Figures are annual averages for 2015 and are therefore calculated based on the minimum wage in effect in 2015. 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://nwlc.org/resources/women-and-minimum-wage-state-state/> (last visited Apr. 24, 2017).
- 10 See *supra* note 4 and, e.g., Anne Morrison & Katherine Gallagher Robbins, NWLC, Chart Book: Women's Overrepresentation in Low-Wage Jobs, at 6 (Oct. 2015), *available at* http://nwlc.org/wp-content/uploads/2015/08/chartbook_womens_overrepresentation_in_low-wage_jobs.pdf; Oxfam Am. & Econ. Policy Inst. (EPI), Few Rewards: An Agenda to Give America's Working Poor a Raise, at 6 (2016), *available at* https://www.oxfamamerica.org/static/media/files/Few_Rewards_Report_2016_web.pdf.
- 11 David Cooper, EPI, Raising the Minimum Wage to \$15 by 2024 Would Lift Wages for 41 Million American Workers (Apr. 2017), *available at* <http://www.epi.org/125047/pre/53b618276a3d47ae7b23cfc94c47da2b21e8e3b951fe5ced918a9414b387535a/> (Appendix Tables 3 & 10).
- 12 NWLC, The Wage Gap is Stagnant for a Decade, *supra* note 1.
- 13 See U.S. Dep't of Labor, Wage & Hour Div., History of Changes to the Minimum Wage Law, <http://www.dol.gov/whd/minwage/coverage.htm> (last visited Feb. 6, 2017).
- 14 Allegretto & Cooper, *supra* note 3, at 3.
- 15 NWLC calculations based on 40 hours per week, 50 weeks per year at \$7.25 per hour and U.S. Census Bureau, Poverty Thresholds for 2016, <http://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html> (last visited Feb. 7, 2017).
- 16 See *supra* note 5.
- 17 Allegretto & Cooper, *supra* note 3, at 17-18.
- 18 NWLC & Restaurant Opportunities Centers United, Raise the Wage: Women Fare Better in States with Equal Treatment for Tipped Workers (Oct. 2016), *available at* <http://nwlc.org/wp-content/uploads/2016/10/Tipped-Wage-10.17.pdf>.

