



WORKPLACE JUSTICE

THE RAISE THE WAGE ACT: BOOSTING WOMEN'S PAYCHECKS AND ADVANCING EQUAL PAY

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Millions of workers—mostly women, and disproportionately women of color—struggle to support themselves and their families on poverty-level wages. Women are nearly two-thirds of workers paid the federal minimum wage of \$7.25 per hour.¹ Women are also two-thirds of tipped workers,² for whom the federal minimum cash wage is just \$2.13 per hour. Women's overrepresentation in low-wage jobs is one factor driving the persistent gender wage gap: women working full time, year round typically are paid just 80 cents for every dollar paid to their male counterparts, and this gap is even wider for women of color compared to their white male counterparts.³

Raising the minimum wage—and ensuring that tipped workers receive the full minimum wage before tips—can

both lift women and their families out of poverty and help close the gender wage gap. The **Raise the Wage Act** would increase the federal minimum wage from \$7.25 to \$15 per hour by 2024, then index it to keep pace with wages overall. The bill would also gradually raise the federal minimum cash wage for tipped workers until it is equal to the regular minimum wage. Establishing one fair minimum wage is a key step toward equal pay for women and economic security for their families.

Women working in low-wage jobs need a raise.

- Congress has raised the minimum wage only four times in the past 40 years, and enacted the last increase a decade ago.¹² A woman working full time at minimum wage earns just \$14,500 annually,¹³ nearly \$5,000 below the poverty line for a mother with two children.¹⁴
- The federal minimum cash wage for tipped workers is \$2.13 per hour, unchanged since 1991.¹⁵ Nearly one in six female tipped workers lives in poverty¹⁶—and relying on tips rather than wages for the bulk of their income can also make

Who Are Minimum Wage Workers?

- **Women—especially women of color.** Women are nearly two-thirds of minimum wage workers and two-thirds of tipped workers. Women of color are about 24 percent of minimum wage workers,⁴ and 25 percent of tipped workers,⁵ compared to 17 percent of all workers.⁶ **One in three working women—and 37 percent of working women of color—would get a raise if the minimum wage rose to \$15 per hour by 2024.**⁷
- **Adults.** Over half of women earning the minimum wage are 25 or older,⁸ and most do not have a spouse's income to rely on.⁹ **Seven in ten workers who would get a raise under the Raise the Wage Act are at least 25 years old.**¹⁰
- **Parents.** Of the workers who would benefit from raising the minimum wage to \$15 per hour, more than one-quarter have children. **Nearly one-third of working mothers—and 45 percent of working single mothers—would get a raise under the Raise the Wage Act.**¹¹



women more vulnerable to sexual harassment on the job.¹⁷ Although employers are obligated to ensure that their tipped employees receive at least the regular minimum wage by making up the difference when tips fall short, this requirement is difficult to enforce and many employers fail to comply.¹⁸ As a result, tipped workers often must struggle to make ends meet on unpredictable tips with virtually no dependable income from a paycheck.

The Raise the Wage Act would boost wages for millions of working women—especially women of color—helping them provide for themselves and their families.

- The Economic Policy Institute estimates that if the minimum reached \$15 per hour by 2024, 41.5 million workers would get a raise—including nearly 19 million workers earning slightly above \$15 per hour, who would see their pay increase due to the higher floor set by the new minimum wage. Of the total affected workers, more than 23 million (56 percent) are women.¹⁹
- Women of color would especially benefit from this increase: 43 percent of Black working women and 38 percent of Latina working women would receive a raise. Just under a third (32 percent) of white, non-Hispanic working women would get a raise.²⁰
- Working mothers would also especially benefit: of the more than 11.6 million parents with children at home who would get a raise under the Raise the Wage Act, close to two-thirds (over 7.5 million) are mothers.²¹
- Nearly one-quarter of all children in the U.S.—about 19 million—live with at least one parent who would get a raise.²² Most of the affected workers who have children and/or are married are the primary breadwinners for their families.²³

Raising the minimum wage would help close the gender wage gap.

- By lifting wages for the lowest-paid workers while leaving wages unchanged for those at the top, 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, increasing the minimum wage would narrow the gender wage gap as well.²⁴
- Indeed, states with minimum wages above the federal level have smaller wage gaps: women working full time, year round in states with minimum wages at or above \$8.25 per

hour face a wage gap that is 41 percent smaller than the wage gap in states with a \$7.25 minimum wage.²⁵

- In the states where employers are required to pay their tipped workers the regular minimum wage before tips, the overall wage gap for women working full time, year round is 19 percent smaller—and the gender wage gap for women in tipped jobs is 33 percent smaller—than in states with a \$2.13 tipped minimum cash wage.²⁶

Raising the minimum wage would reduce poverty and strengthen the economy.

- A \$15 minimum wage would finally begin to reverse decades of growing pay inequality and would, for the first time, bring full-time minimum-wage earnings above the poverty line for a family of four.²⁷
- Under the Raise the Wage Act, a worker making \$7.25 per hour today would see her wage rate more than double by 2024. On average, an affected worker who works year-round would see her annual income increase by about \$3,500.²⁸ Tipped workers across the country would be able to count on receiving at least the regular minimum wage before tips; in the states where that is already required, the poverty rate for women tipped workers is 27 percent lower than in states with a \$2.13 tipped minimum cash wage.²⁹
- While still a modest wage relative to the expenses that women and their families face every day,³⁰ \$15 an hour would make a meaningful difference for millions across the country who are struggling to put food on the table, access the health care they need, and otherwise support themselves and their families. This wage boost is particularly critical for many part-time workers, who are mostly women and who often struggle to make ends meet due to inadequate hours that are compounded by inadequate wages;³¹ under the Raise the Wage Act, 60 percent of workers who work less than 20 hours per week, and 56 percent of workers who work 20 to 34 hours per week, would get a raise.³²
- Raising the minimum wage also can be expected to benefit communities and the broader economy as workers spend their higher earnings at local businesses³³—and evidence from cities like San Jose, San Francisco, and Seattle that have begun to phase in a \$15 minimum wage indicates that employment has in fact grown along with workers' paychecks.³⁴ Higher wages can also benefit employers by reducing turnover and increasing worker effort.³⁵



States Are Leading the Way to a \$15 Minimum Wage

In 21 states, the minimum wage is stuck at the federal level of \$7.25 per hour, and the wage remains below \$10 per hour in nearly every state.³⁶ But higher wages are already on the horizon for millions of working women—due in large part to their own powerful organizing efforts. The movement now known collectively as the “Fight for \$15” has spurred legislative campaigns around the country to establish a \$15 minimum wage.³⁷

In 2014, Seattle and San Francisco became the first major cities in the country to approve a \$15 minimum wage, and Los Angeles and other cities in California followed suit in 2015.³⁸ In 2016, California and New York became the first states to enact a \$15 statewide minimum wage, and the District of Columbia soon followed.³⁹ As a result, millions of women—and their families—will soon benefit from fairer pay.

For more information, see *The Fight for \$15 Is Winning for Women and Families*.⁴⁰

- 1 NWLC calculations based on Bureau of Labor Statistics (BLS), Characteristics of Minimum Wage Workers, 2016, available at <http://www.bls.gov/opub/reports/minimum-wage/2016/home.htm> [hereinafter BLS Min. Wage Characteristics] (Table 1). The term “minimum wage workers” refers to workers making the federal minimum wage or less.
- 2 NWLC calculations based on U.S. Census Bureau, American Community Survey 2015 one-year estimates (ACS 2015) using IPUMS USA. Women make up 66.3 percent of tipped workers. Figures include employed workers only and use the same definition as 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 (July 2014), available at <http://s2.epi.org/files/2014/EPI-CWED-BP379.pdf>.
- 3 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>.
- 4 NWLC calculations based on BLS Min. Wage Characteristics (Table 1), *supra* note 1. Data for minimum wage workers by race provided by BLS does not sum total number of minimum wage workers because data are not presented for all races and those who identified as Hispanic or Latino may be of any race.
- 5 NWLC calculations based on ACS 2015, *supra* note 2.
- 6 *Id.*
- 7 David Cooper, EPI, Raising the Minimum Wage to \$15 by 2024 Would Lift Wages for 41 Million American Workers, at 30, 50 (Apr. 2017), available at <http://www.epi.org/files/pdf/125047.pdf> (Tables 5 & 10).
- 8 NWLC calculations based on BLS Min. Wage Characteristics, *supra* note 1 (Table 1). Fifty-five percent of female minimum wage workers are 25 or older.
- 9 NWLC calculations based on BLS Min. Wage Characteristics, *supra* note 1 (Table 8). More than three-quarters of women 16 and older and 64 percent of women over 25 earning the minimum wage or less do not have household income from a spouse.
- 10 Cooper, *supra* note 7, at 10-11.
- 11 *Id.* at 11.
- 12 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 May 17, 2017).
- 13 Throughout this analysis NWLC calculations regarding full-time earnings assume 40 hours per week, 50 weeks per year.
- 14 U.S. Census Bureau, Poverty Thresholds for 2016, <https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html> (last visited May 15, 2017). The poverty line in 2016 for a mother and two children is \$19,337.
- 15 Allegretto & Cooper, *supra* note 2, at 1.
- 16 NWLC calculations based on ACS 2015, *supra* note 2.
- 17 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. 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.
- 18 See generally, e.g., ROC United & Nat’l Employment Law Project (NELP), The Case for Eliminating the Tipped Minimum Wage in Washington, D.C. (May 2016), available at <http://nelp.org/content/uploads/Report-Case-Eliminating-Tipped-Minimum-Wage-Washington-DC.pdf> and ROC United, Tipped Over: Employer Liability in a Two-Tiered Wage State (June 2016), available at http://rocunited.org/wp2015b/wp-content/uploads/2016/06/EmployerLiability_Report-2.pdf. See also Allegretto & Cooper, *supra* note 2, at 17-18.
- 19 Cooper, *supra* note 7, at 25 (Table 3).
- 20 *Id.* at 34, 38, 42 (Tables 6-8).
- 21 *Id.* at 11, 30 (Table 5).
- 22 *Id.* at 17.



- 23 *Id.* at 19.
- 24 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.
- 25 Jasmine Tucker & Julie Vogtman, NWLC, Higher State Minimum Wages Promote Equal Pay for Women (Apr. 2017), *available at* <https://nwlc.org/wp-content/uploads/2017/04/2017-Higher-State-Minimum-Wages-Promote-Equal-Pay-for-Women.pdf>. Figures are for 2015.
- 26 NWLC & ROC 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>.
- 27 Cooper, *supra* note 7, at 6-8.
- 28 *Id.* at 9.
- 29 NWLC & ROC United, *supra* note 26.
- 30 See EPI & NELP, Why America Needs a \$15 Minimum Wage, at 3 (Apr. 2017), *available at* <http://www.nelp.org/content/uploads/NELP-EPI-Fact-Sheet-Why-America-Needs-15-Minimum-Wage.pdf>.
- 31 See Anne Morrison & Katherine Gallagher Robbins, NWLC, Part-Time Workers Are Paid Less, Have Less Access to Benefits—and Two-Thirds Are Women (Sept. 2015), *available at* https://nwlc.org/wp-content/uploads/2015/08/part-time_workers_fact_sheet_8.21.1513.pdf.
- 32 Cooper, *supra* note 7, at 14-15.
- 33 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); Daniel Aaronson, Sumit Agarwal & Eric French, Fed. Reserve Bank of Chicago, The Spending and Debt Responses to Minimum Wage Increases, at 10 (Rev. Feb. 2011), *available at* http://www.chicagofed.org/digital_assets/publications/working_papers/2007/wp2007_23.pdf (showing that low-wage worker households spent an additional \$2,800 the year following a \$1 increase to the minimum wage).
- 34 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>.
- 35 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>.
- 36 See NWLC, Women and the Minimum Wage, State by State, <https://nwlc.org/resources/women-and-minimum-wage-state-state/> (last visited May 17, 2017).
- 37 See generally Irene Tung, Yannet Lathrop, & Paul Sonn, NELP, The Growing Movement for \$15 (Nov. 2015), *available at* <http://www.nelp.org/content/uploads/Growing-Movement-for-15-Dollars.pdf>.
- 38 *Id.* at 26 (Table 3.2).
- 39 See 2016 Cal. Legis. Serv. Ch. 4 (S.B. 3) (West); N.Y. Lab. Law § 652 (McKinney 2016); Fair Shot Minimum Wage Amendment Act, D.C. Law No. L21-0144 (2016). In June 2016, New Jersey's legislature passed a bill (A. 15) to raise the state's minimum wage to \$15 per hour by 2021, but Governor Christie vetoed the bill in August.
- 40 Julie Vogtman, NWLC, The Fight for \$15 Is Winning for Women and Families (Apr. 2017), *available at* <https://nwlc.org/wp-content/uploads/2017/04/The-Fight-for-15-is-Winning.pdf>.

