The Raise the Wage Act: Valuing Working People and Advancing Equal Pay

Millions of working people—mostly women, and disproportionately women of color—struggle to support themselves and their families on poverty-level wages. Women are close to two-thirds of the workforce in jobs that pay the federal minimum wage of $7.25 per hour or just a few dollars above it. Women overwhelmingly are the essential but underpaid workers who have been staffing grocery stores, cleaning homes and offices, caregiving, and more to protect the public health and keep our economy afloat during the COVID-19 pandemic. And women are more than two-thirds of tipped workers, for whom the federal minimum cash wage has been just $2.13 per hour for three decades.

Women’s overrepresentation in low-paid jobs is one factor driving the persistent gender wage gap: overall, women working full time, year round typically are paid just 82 cents for every dollar paid to their male counterparts. This gap varies by race and is even wider for many women of color compared to their white, non-Hispanic male counterparts. These lost earnings not only leave women without a financial cushion to weather the current crisis, but also make it harder for them to build wealth, contributing to racial and gender wealth gaps and creating barriers to families’ economic prosperity.

Raising the minimum wage—and ensuring that tipped workers receive the full minimum wage before tips—can help lift women and their families out of poverty, narrow racial and gender wage gaps, and spur the consumer demand we need for a strong, shared economic recovery. If enacted, the Raise the Wage Act of 2021 (H.R. 603/S. 53) would do just that: It would increase the federal minimum wage from $7.25 to $15 per hour by 2025. It would gradually raise the federal minimum cash wage for tipped workers until it is equal to the regular minimum wage and phase out unfair exemptions that have allowed employers to pay young workers and people with disabilities subminimum wages. And after 2025, it would automatically increase the federal minimum wage to keep pace with wages overall, ensuring that its value never again erodes as it has in recent decades.
WHO ARE LOW-PAID WORKERS?

- **Women**—especially women of color. Women are nearly two-thirds of the workforce in the lowest-paying jobs in our economy and over two-thirds of tipped workers, and women of color are particularly overrepresented in these jobs. One in four working women—including 34 percent of Black working women and 31 percent of Latina workers—will get a raise if the minimum wage rises to $15 per hour by 2025.

- **Essential workers.** The people—mostly women, and disproportionately women of color—who have been risking their lives on the front lines of the COVID-19 pandemic are overwhelmingly paid low wages. Six in ten workers who would benefit from a $15 minimum wage are essential and front-line workers.

- **Breadwinners.** Of the workers who would benefit from raising the minimum wage to $15 per hour, two in three are at least 25 years old, and more than one-quarter have children. One in four working mothers—and 36 percent of working single mothers—would get a raise under the Raise the Wage Act; among these mothers, 65 percent are sole or primary breadwinners for their families.

Millions of working people deserve—and demand—a raise.

- **Congress has raised the minimum wage just three times in the past 40 years** and passed the last increase over a decade ago—the longest stretch without an increase since the Fair Labor Standards Act was enacted in 1938. Full-time minimum wage earnings amount to only about $15,000 annually, nearly $6,000 below the poverty line for a parent with two children.

- **The federal minimum cash wage for tipped workers is $2.13 per hour, unchanged since 1991.** 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. Even before the pandemic, one in six women tipped workers lived in poverty—nearly 2.5 times the rate for workers overall. During the pandemic, which has hit the leisure and hospitality industry extraordinarily hard, tipped workers who lost their jobs often lacked savings to fall back on and found that their low and sporadic earnings qualified them for minimal, if any, unemployment insurance benefits.

- **Poverty-level wages heighten women’s economic vulnerability, which in turn heightens their vulnerability to harassment on the job.** Women who rely on tips rather than wages for the bulk of their income often feel especially compelled to tolerate inappropriate behavior from customers, and women’s lack of economic power in these workplaces perpetuates the already pervasive culture of sexual harassment in industries that employ large numbers of tipped workers. And today, tipped workers also face the challenge of enforcing compliance with public health protocols from the same customers on whom they rely for most of their pay.

- **People in every part of the country—and of every political stripe—are calling for a $15 minimum wage.** Since the worker-driven Fight for $15 movement began in late 2012, eight states and the District of Columbia have begun to phase in a $15 minimum wage—most recently Florida, where a ballot initiative to raise the minimum wage to $15 passed in 2020 with 61 percent of the vote. Across party lines, most voters support raising the minimum wage and requiring employers to pay the full minimum wage to tipped workers, before tips—and support has grown since the pandemic began, particularly among Republicans. But without federal action, millions of working people will still be left behind.
The Raise the Wage Act would boost wages for millions of working women—especially Black women and Latinas—helping them provide for themselves and their families.

- The Economic Policy Institute estimates that if the minimum wage reached $15 per hour by 2025, more than 32 million workers would get a raise—including over 10 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, almost 19 million (59 percent) are women.22

- Black women and Latinas would especially benefit: 34 percent of Black working women and 31 percent of working Latinas would receive higher pay by 2025 under the Raise the Wage Act. Just under one-quarter of white, non-Hispanic working women would get a raise, as would about one in seven Asian American and Pacific Islander (AAPI) women.23 See Figure 1.

- Working mothers would also especially benefit: of the nearly 9 million parents with children at home who would get a raise under the Raise the Wage Act, about 72 percent (6.4 million) are mothers,24 and most of these mothers are sole or primary breadwinners for their families.25

- Almost 15 million children live with at least one adult who would get a raise.26 Half of all children living in households with a worker making less than $15 an hour are Black or Latinx.27

- Paid care providers would begin to see decent compensation for their essential work. Among the millions of front-line workers who would get a raise under the Raise the Wage Act,28 child care workers and direct care workers (such as home care workers and nursing assistants)—more than 9 in 10 of whom are women, disproportionately Black women and Latinas29—would see some of the greatest benefits. These women, who have been risking their lives to care for others throughout the pandemic, typically are paid less than $15 per hour.30 EPI estimates that half of all child care workers would get a raise under the Raise the Wage Act,31 as would 35 percent of people working in residential or nursing care facilities.32 Increased and sustained public investments can ensure that care workers get the raise they need and deserve without increasing costs for the families they serve.33
Raising the minimum wage could help close racial and gender wage gaps.

- 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 across the economy. Because women and people of color are the majority of workers who would see higher pay, increasing the minimum wage could narrow racial and gender wage gaps as well.34
- By 2025, on average, women working year round who are affected by the Raise the Wage Act would see their annual earnings increase by about $3,500, compared to approximately $3,100 for men.35 Black women and Latinas would see the largest average annual increase, at $3,700.36
- States with higher minimum wages tend to have smaller wage gaps: women working full time, year round in states with a minimum wage of at least $10 per hour face a gender wage gap that is 17 percent smaller than the wage gap in states with a $7.25 minimum wage.37 In the seven “One Fair Wage” 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 33 percent smaller than in states with a $2.13 tipped minimum wage.38
- A recent study found minimum wage increases between 1990 and 2019 reduced Black–white wage gaps by 12 percent overall, and by 60 percent for workers without post-secondary education; while wage increases lifted income for men and women of all races, Black workers, and particularly Black women, experienced the greatest gains.39 The study also found that wage gaps would have narrowed further had the federal minimum wage not eroded over this period.40

A $15 minimum wage for all working people would reduce poverty and income inequality.

- 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.41 EPI estimates that the Raise the Wage Act will lift up to 3.7 million people out of poverty, including up to 1.8 million children.42
- The vast majority (83 percent) of tipped workers across the country would get a raise and be able to count on receiving at least the regular minimum wage before tips.43 In the One Fair Wage states where that is already required, the poverty rate for women tipped workers before the pandemic was 30 percent lower than in states with a $2.13 tipped minimum cash wage.44 (Data from the pandemic period is not yet available.) See Figure 2.

![Figure 2. Poverty Rates for Women Tipped Workers, by Race/Ethnicity](image-url)

Source: NWLC calculations based on 2014-2018 American Community Survey 5-year averages using IPUMS. Respondents self-identify their sex as either male or female. Black women self-identified as Black or African American. Latinas are those who self-identified that they are of Hispanic, Latino, or Spanish origin and may be of any race. White, non-Hispanic women self-identified as white but indicated they are not of Hispanic, Latino, or Spanish origin.
• Higher wages are particularly critical for many part-time workers, who are mostly women and who often struggle to make ends meet due to inadequate hours compounded by inadequate pay. Under the Raise the Wage Act, 43 percent of workers who work fewer than 35 hours per week, would get a raise.

• People with disabilities, too, are especially likely to hold jobs in which their hard work is rewarded with inadequate pay. Section 14(c) of the Fair Labor Standards Act currently allows employers to pay subminimum wages—averaging just $3.34 per hour—to people with disabilities working in “sheltered workshops.” The Raise the Wage Act will finally phase out this exemption, which reflects and reinforces harmful stereotypes and has contributed to economic insecurity and segregated employment for people with disabilities.

• The Raise the Wage Act sets an appropriate wage floor for the nation. A $15 minimum wage will 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 support themselves and their families. But it is still a modest wage relative to the expenses that women and their families face every day, no matter where they live in the U.S.

• According to EPI, by 2025, a single worker without children will need at least full-time earnings at $15 an hour ($31,200 annually) to meet basic needs, and workers in costlier areas and those supporting families will need more.

• States and localities can and should continue to establish higher minimums, but a regional approach at the federal level would only serve to lock in the low wages that prevail in some regions—disproportionately suppressing wages for workers of color, especially Black workers in the South.

The Raise the Wage Act will support an equitable recovery from the pandemic-induced recession.

• A robust body of evidence examining the impact of state and local minimum wage increases concludes that such measures have worked exactly as intended—boosting incomes for workers and their families without costing jobs, even in areas in which low wages are prevalent.

• In the seven states that have already adopted One Fair Wage, this policy has not harmed growth in the restaurant industry or tipped jobs. From 2011 to 2019, One Fair Wage states had stronger restaurant growth than states that had a lower tipped minimum wage. And while the pandemic has hit the industry hard, the leisure and hospitality sector has not fared worse in One Fair Wage states than in states with lower wages for tipped workers.

• Because underpaid workers spend much of their extra earnings in their communities, raising the minimum wage can help spur the consumer demand and small business growth that is necessary for a strong, shared recovery from the recession. Higher wages can also benefit employers by reducing turnover and increasing productivity.

Establishing a nationwide $15 minimum wage for all working people is a key step toward equality, dignity, and safety for women at work—making the Raise the Wage Act a critical response to the COVID-19 pandemic and an essential component of an equitable recovery.


5 Id.

6 Tucker, supra note 2.

7 See Tucker & Vogtman, supra note 1, and One Fair Wage: Women Fare Better in States with Equal Treatment for Tipped Workers, supra note 3.

8 David Cooper, Zane Mokhiber & Ben Zipperer, Raising the Federal Minimum Wage to $15 by 2025 Would Lift the Pay of 32 Million Workers, ECON. POLICY INST. (EPI) 30 (March 2021), https://files.epi.org/pdf/221010.pdf (Table 5).

9 Id. at 8-9.

10 Id. at 13-14.

11 Id. at 30 (Table 5); Sarah Jane Glynn, Raising the Minimum Wage Is Key to Supporting the Breadwinning Mothers Who Drive the Economy, CTR. FOR AM. PROGRESS (Feb. 23, 2020), https://www.americanprogress.org/issues/economy/news/2021/02/23/496219/raising-minimum-wage-key-supporting-breadwinning-mothers-drive-economy/.


15 Approximately 6.6 percent of workers overall and 16.4 percent of women tipped workers lived in poverty prior to the pandemic.

16 Id.


19 See, e.g., polling data, which can be found at https://www.wifit.org/2020/09/30/polling-data.


22 See, e.g., Molly Kinder, Even a Divided America Agrees on Raising the Minimum Wage, BROOKINGS INST. (Nov. 13, 2020), https://www.brookings.edu/blog/the-avenue/2020/11/15/even-a-divided-america-agrees-on-raising-the-minimum-wage/; Perry Undem Research/Communications & OBA Strategies, Voters’ Priorities for the New Congress, NWLC 7 (March 14, 2019), https://nwlc.org/wp-content/uploads/2019/05/NWLC-Polling-Memo.pdf (showing 81% for policy to ensure that “people who get tips, like servers, are paid at least the same minimum wage as other workers”).


24 Cooper, Mokhiber & Zipperer, supra note 8, at 4, 13.

25 Id. at 30 (Table 5).


27 Id.

28 See Tucker, supra note 2.


30 Id.


32 Cooper, Mokhiber & Zipperer, supra note 8, at 4.


35 Cooper, Mokhiber & Zipperer, supra note 8, at 25 (Table 3).

36 Haider, supra note 26.

37 NWLC calculations based on U.S. Census Bureau, 2019 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 $10+ per hour).

38 One Fair Wage: Women Fare Better in States with Equal Treatment for Tipped Workers, supra note 3.

39 Jesse Wursten & Michael Reich, *Racial Inequality and Minimum Wages in Frictional Labor Markets* (IRLE Working Paper No. 101-21), http://irlr.berkeley.edu/files/2021/02/Racial-Inequality-and-Minimum-Wages.pdf. Notably, Wursten and Reich find that “gains for black workers do not crowd out those of white or Hispanic workers. Rather, minimum wages increase race earnings for all race/age/gender groups; they simply increase more for black workers and women in general. We do not find any disemployment effects among race/ethnicity and gender groups. On the contrary, black workers are less likely to lose their jobs after minimum wage changes.” See also Ellora Denerocourt & Clare Montaloux, *Minimum Wages and Racial Inequality*, 136 Quarterly J. Econ. 169-228 (Feb. 2021), https://doi.org/10.1093/qje/qjaa031 (finding that raising the federal minimum wage to $160 in 1968, its historic peak, was responsible for more than 20% of the fall in the Black–white earnings gap during the Civil Rights Era).

40 Wursten & Reich, supra note 39, at 28-29.

41 Cooper, Mokhiber & Zipperer, supra note 8, at 10.

42 Id. at 11.

43 Id. at 26 (Table 3).

44 One Fair Wage: Women Fare Better in States with Equal Treatment for Tipped Workers, supra note 3.


53 Why the U.S. Needs a $15 Minimum Wage, supra note 49.