



WORKPLACE JUSTICE

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

**Millions of workers—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.<sup>1</sup> And women are more than two-thirds of tipped workers,<sup>2</sup> 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: overall, women working full time, year round typically are paid just 82 cents for every dollar paid to their male counterparts.<sup>3</sup> This gap varies by race and is even wider for many women of color compared to their white, non-Hispanic male counterparts.<sup>4</sup>

Raising the minimum wage—and ensuring that tipped workers receive the full minimum wage before tips—could both lift women and their families out of poverty and help close the gender wage gap. As passed by the House of Representatives in July 2019, the **Raise the Wage Act** (H.R. 582, S. 150) would increase the federal minimum wage from \$7.25 to \$15 per hour by 2025, 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 and phase out unfair exemptions that have allowed employers to pay young workers and people with disabilities subminimum wages. Establishing one fair minimum wage is a key step toward equity, dignity, and safety for women at work.

### Women working in low-wage jobs need a raise.

- **Congress has raised the minimum wage just three times in the past 40 years**, and enacted the last increase over a decade ago.<sup>11</sup> A woman working full time at minimum wage earns only about \$15,000 annually, more than \$5,000 below the poverty line for a mother with two children.<sup>12</sup>

### Who Are Low-Wage Workers?

**Women—especially women of color.** Women are nearly two-thirds of the workforce in jobs that typically pay \$11.50 per hour or less and over two-thirds of tipped workers, and women of color are particularly overrepresented in these jobs.<sup>5</sup> **More than one in four working women—and 30 percent of working women of color—would get a raise if the minimum wage rose to \$15 per hour by 2025.**<sup>6</sup>

**Adults.** Over half of women earning the minimum wage are age 25 or older,<sup>7</sup> and most do not have a spouse's income to rely on.<sup>8</sup> **Nearly two in three workers who would get a raise under the Raise the Wage Act are at least 25 years old.**<sup>9</sup>

**Parents.** Of the workers who would benefit from raising the minimum wage to \$15 per hour, more than one-quarter have children. **One in four working mothers—and 37 percent of working single mothers—would get a raise under the Raise the Wage Act.**<sup>10</sup>



- **The federal minimum cash wage for tipped workers is \$2.13 per hour, unchanged since 1991.** Although employers are obligated to ensure that 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.<sup>13</sup> As a result, tipped workers often struggle to make ends meet on unpredictable tips without dependable income from a paycheck. Nearly one in six women tipped workers lives in poverty—more than double the rate for working women overall and more than triple the rate for working men overall.<sup>14</sup>
- **Poverty-level wages heighten women’s economic vulnerability, which in turn heightens their vulnerability to sexual 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.<sup>15</sup>

**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 (EPI) estimates that if the minimum wage reached \$15 per hour by 2025, more than 33 million workers would get a raise—including over 10 million workers earning just 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, 19.5 million (58 percent) are women.**<sup>16</sup>
- **Black women and Latinas would especially benefit:** 35 percent of Black working women and 32 percent of working Latinas would receive higher pay by 2025 under the Raise the Wage Act. One quarter of white, non-Hispanic working women would get a raise.<sup>17</sup>
- **Working mothers would also especially benefit:** of the nearly 9.4 million parents with children at home who would get a raise under the Raise the Wage Act, about 71 percent (over 6.6 million) are mothers.<sup>18</sup>
- **More than one-fifth of all children in the U.S.—15.2 million—live with at least one adult who would get a raise.**<sup>19</sup> Affected workers who have children and/or spouses typically are the primary breadwinners for their families.<sup>20</sup>

**Raising the minimum wage could 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 could narrow the gender wage gap as well.**<sup>21</sup>
- States with higher minimum wages tend to have smaller wage gaps: women working full time in states with a minimum wage of at least \$9 per hour face a gender wage gap that is 29 percent smaller than the wage gap across states with a \$7.25 minimum wage—and **for women working full time in states with a minimum wage of \$10 per hour or more, the wage gap is 34 percent smaller.**<sup>22</sup> 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 31 percent smaller than in states with a \$2.13 tipped minimum cash wage.<sup>23</sup>

**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.<sup>24</sup>
- By 2025, on average, an affected worker who works year-round would see her annual income increase by just under \$3,000 under the Raise the Wage Act.<sup>25</sup> **The vast majority (83 percent) of tipped workers across the country would get a raise,**<sup>26</sup> and be able to count on receiving at least the regular minimum wage before tips. In the states where employers are required to pay their tipped workers the regular minimum wage before tips, the poverty rate for women tipped workers is 28 percent lower than in states with a \$2.13 tipped minimum cash wage.<sup>27</sup>
- **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.<sup>28</sup> Under the Raise the Wage Act, 42 percent of workers who work less than 20 hours per week, and 46 percent of workers who work 20 to 34 hours per week, would get a raise.<sup>29</sup>



- 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 2024, 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.<sup>30</sup>
  - **The Raise the Wage Act sets an appropriate wage floor for the nation.** States and localities can and should continue to establish higher minimums, but a regional approach at the federal level would only lock in the low wages that prevail in some regions—
- disproportionately suppressing wages for workers of color, especially Black workers in the South.<sup>31</sup>
- 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.**<sup>32</sup> Raising the minimum wage also can be expected to benefit communities and the broader economy as workers spend their higher earnings at local businesses,<sup>33</sup> and higher wages can benefit employers by reducing turnover and increasing productivity.<sup>34</sup>

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- 1 Women are 65.9 percent of the 23.5 million workers in jobs with median wages of \$11.50 or less per hour. NWLC, *Women in the Low-Wage Workforce by State* (July 2018), <https://nwlc-ciaw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2018/06/women-in-low-wage-workforce-by-state-2018-2.pdf>. Among the 1.7 million workers paid exactly \$7.25 per hour or less, women are 63 percent of the workforce. NWLC calculations based on Bureau of Labor Statistics (BLS), *Characteristics of Minimum Wage Workers, 2018*, <https://www.bls.gov/opub/reports/minimum-wage/2018/home.htm> [hereinafter BLS Min. Wage Characteristics] (Table 1).
  - 2 Women make up 69.1 percent of tipped workers. NWLC calculations based on U.S. Census Bureau, *American Community Survey 2017 one-year estimates* (ACS 2017) using IPUMS USA. Figures include employed workers only and use the same definition as the Economic Policy Institute (EPI) in its analysis of the beneficiaries of the Raise the Wage Act. See EPI, *Minimum Wage Simulation Technical Methodology* (Feb. 2019). <https://www.epi.org/publication/minimum-wage-simulation-model-technical-methodology/>.
  - 3 NWLC, *Frequently Asked Questions About the Wage Gap* (Sept. 2019), <https://nwlc-ciaw49tixgw5lbab.stackpathdns.com/wp-content/uploads/2018/09/FAQ-About-the-Wage-Gap-2019.pdf>.
  - 4 *Id.*
  - 5 Women of color are 32.9 percent of workers in jobs with median hourly wages of \$11.50 or less and 28 percent of tipped workers. NWLC calculations based on ACS 2017, *supra* note 2. Women of color are 18 percent of the workforce overall. NWLC calculations based on U.S. Census Bureau, *2018 Current Population Survey*, using IPUMS USA.
  - 6 David Cooper, EPI, *Raising the Minimum Wage to \$15 by 2025 Would Lift Wages for over 33 Million Workers* (July 2019), <https://www.epi.org/files/pdf/171762.pdf> (Table 3).
  - 7 NWLC calculations based on BLS Min. Wage Characteristics, *supra* note 1 (Table 1). Fifty-one percent of female minimum wage workers are 25 or older.
  - 8 NWLC calculations based on BLS Min. Wage Characteristics, *supra* note 1 (Table 8). More than three-quarters (79 percent) of women 16 and older and 63 percent of women over 25 earning the minimum wage or less do not have household income from a spouse. *Id.*
  - 9 Cooper, *supra* note 6, at 10-11.
  - 10 Unpublished estimates from EPI (Oct. 2019) (on file with author). Like the estimates published in Cooper, *supra* note 6, these additional estimates are calculated based on EPI's Minimum Wage Simulation Technical Methodology, *supra* note 2.
  - 11 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. 2, 2019).
  - 12 U.S. Census Bureau, *Poverty Thresholds for 2018*, <https://www.census.gov/data/tables/time-series/demo/income-poverty/historical-poverty-thresholds.html> (last visited Feb. 2, 2019). The poverty line in 2018 for a mother and two children is \$20,231. Throughout this analysis NWLC calculations regarding full-time earnings assume 40 hours per week, 52 weeks per year.
  - 13 See e.g., David Cooper & Teresa Kroeger, EPI, *Employers Steal Billions from Workers' Paychecks Each Year*, at 7-8 (May 2017), <https://www.epi.org/files/pdf/125116.pdf>; ROC United & Nat'l Employment Law Project (NELP), *The Case for Eliminating the Tipped Minimum Wage in Washington, D.C.* (May 2016), <http://nelp.org/content/uploads/Report-Case-Eliminating-Tipped-Minimum-Wage-Washington-DC.pdf>; ROC United, *Tipped Over: Employer Liability in a Two-Tiered Wage State* (June 2016), [http://rocunited.org/wp2015b/wp-content/uploads/2016/06/EmployerLiability\\_Report-2.pdf](http://rocunited.org/wp2015b/wp-content/uploads/2016/06/EmployerLiability_Report-2.pdf); Sylvia A. Allegretto & David Cooper, EPI & Ctr. on Wage & Employment Dynamics, Univ. of Ca., Berkeley, *Twenty-Three Years and Still Waiting for Change*, at 17-18 (July 2014), <http://s2.epi.org/files/2014/EPI-CWED-BP379.pdf>.
  - 14 NWLC calculations based on ACS 2017, *supra* note 2. 16.4 percent of women tipped workers live in poverty, compared to 7.3 percent of all working women and 5.1 percent of all working men. *Id.*



- 15 See, e.g., Catrin Einhorn & Rachel Abrams, *The Tipping Equation*, N.Y. Times (March 12, 2018), <https://www.nytimes.com/interactive/2018/03/11/business/tipping-sexual-harassment.html>; NWLC, Out of the Shadows: An Analysis of Sexual Harassment Charges Filed by Working Women, at 16-17 (Aug. 2018), <https://nwlc-ci49tixgw5lbab.stackpathdns.com/wp-content/uploads/2018/08/SexualHarassmentReport.pdf>; (ROC United) Forward Together, et al., *The Glass Floor: Sexual Harassment in the Restaurant Industry* (Oct. 2014), [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).
- 16 Cooper, *supra* note 6.
- 17 Unpublished estimates from EPI, *supra* note 10.
- 18 *Id.*
- 19 *Id.*
- 20 *Id.*
- 21 A higher minimum wage generally would narrow the wage distribution, effectively narrowing the wage gap. Nicole M. Fortin & Thomas Lemieux, *Institutional Changes and Rising Wage Inequality: Is There a Linkage?*, *Journal of Econ. Perspectives*, Vol. 11, No. 2, 75-96, at 78 (Spring 1997), available at <http://pubs.aeaweb.org/doi/pdfplus/10.1257/jep.11.2.75>. See also Francine D. Blau & Lawrence M. Kahn, *Swimming Upstream: Trends in the Gender Wage Differential in the 1980s*, *Journal of Labor Econ.*, Vol. 15, No. 1, 1-42, at 28 (Jan. 1997), available at [https://www.jstor.org/stable/2535313?seq=1#page\\_scan\\_tab\\_contents](https://www.jstor.org/stable/2535313?seq=1#page_scan_tab_contents); Int. Labour Org., *Minimum Wages*, Ch. 7.3: Effects on Gender Pay-Gaps, [https://www.ilo.org/global/topics/wages/minimum-wages/monitoring/WCMS\\_473657/lang--en/index.htm](https://www.ilo.org/global/topics/wages/minimum-wages/monitoring/WCMS_473657/lang--en/index.htm) (last visited Feb. 7, 2019).
- 22 NWLC calculations based on U.S. Census Bureau, 2017 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, states with a minimum wage of \$9+, and states with a minimum wage of \$10+ per hour).
- 23 Morgan Harwood, Jasmine Tucker & Julie Vogtman, NWLC, *One Fair Wage: Women Fare Better in States with Equal Treatment for Tipped Workers* (May 2019), <https://nwlc-ci49tixgw5lbab.stackpathdns.com/wp-content/uploads/2019/05/Tipped-Worker-New-2019-v2.pdf>.
- 24 David Cooper, EPI, *Raising the Federal Minimum Wage to \$15 by 2024 Would Lift Pay for Nearly 40 Million Workers*, at 7 (Feb. 2019), <https://www.epi.org/files/pdf/160909.pdf>.
- 25 Cooper, *supra* note 6, at 5 (Table 2).
- 26 *Id.* at 8 (Table 3).
- 27 Harwood, Tucker & Vogtman, *supra* note 23.
- 28 See e.g., Anne Morrison & Katherine Gallagher Robbins, NWLC, *Part-Time Workers Are Paid Less, Have Less Access to Benefits—and Two-Thirds Are Women* (Sept. 2015), [https://nwlc.org/wp-content/uploads/2015/08/part-time\\_workers\\_fact\\_sheet\\_8.21.1513.pdf](https://nwlc.org/wp-content/uploads/2015/08/part-time_workers_fact_sheet_8.21.1513.pdf).
- 29 Cooper, *supra* note 6, at 6 (Table 3).
- 30 See EPI & NELP, *Why America Needs a \$15 Minimum Wage*, at 3 (Jan. 2019), <https://s27147.pcdn.co/wp-content/uploads/Why-America-Needs-A-15-Minimum-Wage-2019.pdf>.
- 31 See generally NELP et al., *The Federal Minimum Wage Should Be a Robust National Wage Floor, Not Adjusted Region by Region* (March 2019), <https://www.nelp.org/publication/federal-minimum-wage-robust-national-wage-floor-not-adjusted-region-region/>.
- 32 See generally, e.g., Paul Wolfson & Dale Belman, *15 Years of Research on U.S. Employment and the Minimum Wage*, Tuck School of Business Working Paper no. 2705499 (Rev. Dec. 2016), available at [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=2705499](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2705499) (finding, in a meta-analysis of 739 estimated effects from 37 published studies on the minimum wage and employment between 2000 and 2015, “no support for the proposition that the minimum wage has had an important effect on U.S. employment”); Sylvia Allegretto et al., *Credible Research Designs for Minimum Wage Studies*, *ILR Rev.* 70, no. 3 (May 2017): 559-592, available at <https://journals.sagepub.com/doi/10.1177/0019793917692788> (finding that studies employing the most credible research designs find little to no impact of the minimum wage on employment); Doruk Cengiz et al., *The Effect of Minimum Wages on Low-Wage Jobs*, NBER Working Paper no. 25434 (Jan. 2019), available at <https://www.nber.org/papers/w25434> (examining 138 state minimum wage changes in the U.S. between 1979 and 2014 and finding even with minimum wages rising as high as 55 percent of the median wage, there was no evidence of any reduction in the total number of jobs for low-wage workers); Arindrajit Dube, *Minimum Wages and the Distribution of Family Incomes*, NBER Working Paper no. 25240, available at <https://www.nber.org/papers/w25240> (Nov. 2018) (showing minimum wage increases raised family incomes at the bottom of the income distribution); Kevin Rinz & Johan Voorheis, *The Distributional Effects of Minimum Wages*, Ctr. for Admin. Records Research & Applications, U.S. Census Bureau, Working Paper 2018-02, (March 2018), available at <https://www.census.gov/content/dam/Census/library/working-papers/2018/adrm/carra-wp-2018-02.pdf> (finding in an analysis of high-quality administrative data that minimum wage increases raised individual incomes and that those income gains accelerated for up to five years after the policy change). In Seattle, one of the first jurisdictions to phase in a \$15 minimum wage, a recent study by University of California economists focused on the restaurant industry—the largest low-paying sector where any negative effects on jobs would first appear—found that Seattle’s minimum wage, which ranged from \$10.50 to \$13 during the period analyzed (between 2015 and 2016), had raised pay for workers without evidence of a negative impact on jobs. While another much-publicized Seattle study reached a conflicting conclusion, the findings of the conflicting study have been called into question due to its serious methodological errors; for example, the study excluded 40 percent of Seattle’s workforce from its analysis and failed to control for the city’s booming economy, which was naturally reducing the number of low-paying jobs as employers raised pay independent of the minimum wage to compete for scarce workers. See Michael Reich et al., *Ctr. on Wage & Employment Dynamics*, Univ. of Ca., Berkeley, *Seattle’s Minimum Wage Experience 2015-16* (June 2017), <http://irle.berkeley.edu/files/2017/Seattles-Minimum-Wage-Experiences-2015-16.pdf>, and Ben Zipperer & John Schmitt, EPI, *The “High Road” Seattle Labor Market and the Effects of the Minimum Wage Increase* (June 2017), <http://www.epi.org/files/pdf/130743.pdf>.
- 33 See generally, e.g., T. William Lester et al., Ctr. for Amer. Progress, *Raising the Minimum Wage Would Help, Not Hurt, Our Economy* (Dec. 2013), <https://www.americanprogressaction.org/issues/labor/news/2013/12/03/80222/raising-the-minimum-wage-would-help-not-hurt-our-economy/>; 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), [http://www.chicagofed.org/digital\\_assets/publications/working\\_papers/2007/wp2007\\_23.pdf](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, e.g., Justin Wolfers & Jan Zilinsky, Peterson Inst. for Int’l Economics, *Higher Wages for Low-Income Workers Lead to Higher Productivity* (Jan. 2015), <https://piie.com/blogs/realtime-economic-issues-watch/higher-wages-low-income-workers-lead-higher-productivity>.

