



FOR GENDER JUSTICE

POLICY BRIEF

VALUE WORKING PEOPLE: RAISE THE WAGE AND NARROW THE WAGE GAP



THE PROBLEM

All working people should be able to support themselves and their families. But far too often, employers do not provide the wages, hours, or benefits that people need to achieve economic security and stability. Even before the COVID-19 pandemic, millions of workers—[mostly women, and disproportionately women of color](#)—were struggling to support themselves and their families on poverty-level wages. [LGBTQ workers](#) and [people with disabilities](#), too, are especially likely to hold jobs in which their hard work is rewarded with inadequate pay.

In the past 40 years, Congress has raised the minimum wage just three times and enacted the last increase over a decade ago. [Twenty-nine states and the District of Columbia currently have minimum wages above the federal level of \\$7.25 per hour](#)—but in most states, the minimum wage still leaves a full-time worker with two children near or below the poverty level. And wages are even lower for many [tipped workers](#), who are also predominantly women, disproportionately women of color. In all but seven states¹, employers can count a portion of tips toward wages (known as a “tip credit”) and pay their tipped employees a minimum cash wage that is lower than the regular minimum wage. This tipped minimum cash wage has been just \$2.13 an hour at the federal level for nearly 30 years, and in most states, [employers can still pay tipped workers less than \\$5 per hour](#), forcing women in these jobs to rely on variable tips for virtually all of their income—and putting them at a particularly high risk of both economic insecurity and sexual harassment.

Women’s overrepresentation in low-paid and tipped 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 widest for many women of color compared to white, non-Hispanic men.

Although these inequities existed long before COVID-19, the pandemic has exposed and exacerbated them. [Black women, Latinas, and other women of color are especially likely to be on the front lines of the crisis](#), in jobs that leave them unprotected and underpaid—from personal care and home health aides to grocery store cashiers to child care workers. And tipped workers are often facing far greater risk—evidence from contact tracing shows that venues like bars and restaurants are some of the biggest [drivers of COVID-19 outbreaks](#)—for [far fewer tips](#).

THE SOLUTION

A real economic recovery—especially for women, including trans and cisgender women, as well as gender-nonconforming people—will not be possible without higher wages for the millions of workers in low-paid jobs facing economic instability. Raising the minimum wage is one important way that policymakers can [shift power to working people](#) and value the people who are caring for our children, protecting the public health, and keeping our economy afloat. And by ensuring that a higher minimum

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wage applies not only to tipped workers but also people with disabilities, young workers, domestic workers, agricultural workers, and anyone else who has been excluded from this basic labor protection, states can work to diminish, rather than entrench, historic inequities.

A \$15 minimum wage will make a meaningful difference for many people struggling to make ends meet, but it is still a modest wage relative to the expenses that working families face every day, no matter where they live in the United States: according to the Economic Policy Institute, by 2024, [a single worker without children will need at least full-time earnings at \\$15 an hour to meet basic needs](#), and workers in costlier areas and those supporting families will need more. States should view \$15 per hour as a starting point, but in some states, a higher level will be an appropriate goal.

BASIC ELEMENTS OF THE SOLUTION

- Gradually raise the state minimum wage to at least \$15 per hour, phased in over several years.
- Raise the minimum cash wage for tipped workers until it matches the regular minimum wage so that all working people are paid at least this regular minimum wage before tips.
- Include all other working people who are currently excluded from the regular minimum wage (e.g., people with disabilities, young workers, farm workers, domestic workers, etc.).
- Index the minimum wage to rise annually based on increases in median wages or the cost of living.

TALKING POINTS ON THE SOLUTION

- As of September 2020, [most Americans \(72%\) support raising the minimum wage](#), including most Republicans (62%), Democrats (87%) and Independents (69%). [Support has grown since the pandemic began](#), particularly among Republicans.
- [Two-thirds of Americans specifically support raising the minimum wage to \\$15 per hour](#), and [81% support requiring employers to pay the full minimum wage to tipped workers](#).
- Legislatures in seven states—California, Connecticut, Illinois, Maryland, Massachusetts, New Jersey, New York—and the District of Columbia have all [enacted \\$15 minimum wage laws](#) that will be fully phased in by the year 2026.
- In November 2020, [Florida voters overwhelmingly approved a ballot measure to increase their state's minimum wage to \\$15 by 2026](#), with 61% support.
- Raising the minimum wage is an important tool to narrow race and gender wage gaps. Because women—[particularly Black women](#)

[and Latinas](#)—often are concentrated in undervalued, low-paying jobs, they benefit the most when the minimum wage goes up. In Florida, for example, [30% of working women—and 38% of working women of color—will get a raise](#) as a result of the recent ballot initiative, compared to 23% of working men. Overall, more than one-third of Black and Latinx workers and one-quarter of Asian workers in Florida will get a raise, compared to one-fifth of white workers.

- In One Fair Wage states—where employers are required to pay tipped workers the regular minimum wage before tips—the poverty rate for women tipped workers is 31% lower than in states with a \$2.13 tipped minimum cash wage. For Black women and Latinas in tipped jobs, the poverty rates are 35% and 30% lower, respectively, in One Fair Wage states than in \$2.13 states.
- One Fair Wage could also help slow the spread of COVID-19 by ensuring that restaurant workers can depend on a paycheck from their employer, [making it easier for them to enforce COVID safety protocols with customers by reducing reliance on tips](#) from those customers.
- As cities and states reopen their economies, a central challenge is restoring consumer demand; [raising the minimum wage is a highly effective tool to do just that](#), because it puts extra dollars in the pockets of people who are highly likely to spend it—increasing sales and boosting the economy.
- Across the country, [more than 1,300 businesses have publicly expressed support for a \\$15 minimum wage](#)—recognizing that raising the minimum wage makes good business sense, since it can not only boost consumer demand but also [reduce employee turnover, increase productivity, and improve customer service](#).
- Decades of research studying the impact of state and local minimum wage increases shows that these measures consistently [boost incomes](#) for workers and their families [without costing jobs—even during economic downturns](#).
- [Increased public investments](#) can ensure that low-paid child care workers and [home care workers](#)—who are overwhelmingly women, disproportionately Black women and Latinas—fully benefit from minimum wage increases, without increasing costs for the families they serve.

1 The seven “One Fair Wage” states in which no tip credit is permitted under state law are Alaska, California, Minnesota, Montana, Nevada, Oregon, and Washington. See Wage & Hour Div., Minimum Wages for Tipped Employees, <https://www.dol.gov/whd/state/tipped.htm>, U.S. Dep’t of Labor (Jan. 1, 2021).