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.1 They overwhelmingly are the essential but underpaid workers who care for children and seniors, staff grocery stores and hotels, clean homes and offices, and more—typically for less than $15 per hour.2 And women are more than two-thirds of tipped workers,3 for whom the federal minimum cash wage has been just $2.13 per hour for more than 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 84 cents for every dollar paid to their male counterparts.4 This gap varies by race and is even wider for many women of color: Black women working full time, year round are typically paid only 67 cents, and Latinas and Native women only 57 cents, for every dollar paid to their white, non-Hispanic male counterparts.5 And while a tight labor market has led to wage growth for some low-paid workers in the wake of the COVID-19 pandemic, these modest gains have not been sufficient for many to achieve economic security—especially as federal pandemic relief has expired and the cost of living continues to rise.6

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 lock in recent pay gains. If enacted, the Raise the Wage Act of 2023 (H.R. 4889/S. 2488) would do just that: It would increase the federal minimum wage from $7.25 to $17 per hour by 2028. 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 2028, 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.
Millions of working people deserve—and demand—a raise.

- **Congress has allowed the minimum wage to remain at $7.25 per hour since 2009**—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 $8,500 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. And during the pandemic, which 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.

- **People in every part of the country—and of every political stripe—are calling for a higher minimum wage.** Since the worker-driven Fight for $15 movement began in late 2012, 12 states and the District of Columbia have begun to phase in a minimum wage of $15 or more—most recently Nebraska, where a ballot initiative to raise the minimum wage to $15 passed in 2022 with 61% of the vote, and Hawaii, where the legislature passed a bill to reach an $18 minimum wage by 2028. And in Washington, DC, 74% of voters approved a 2022 ballot initiative to raise the minimum wage for tipped workers, so that by 2027, DC’s tipped workers will receive the same minimum wage as anyone else, before tips.

Across party lines, most voters support raising the minimum wage and requiring employers to pay the full minimum wage to tipped workers, before tips. 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, nearly 28 million workers would get a raise—including over 13 million workers earning slightly above $17 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 17 million (60%) are women.

- Black women and Latinas would especially benefit: 33% of Black working women and 31% of working Latinas would receive higher pay by 2028 under the Raise the Wage Act. One in five white, non-Hispanic working women would get a raise, as would about one in seven Asian American and Pacific Islander (AAPI) women.

- Working mothers would also especially benefit: of the 7.2 million parents with children at home who would get a raise under the Raise the Wage Act, three-quarters (5.4 million) are mothers.

- 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, 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 Latinas—would see some of the greatest benefits. These women risked their lives to care for others throughout the pandemic—but their employers typically pay less than $15 per hour. 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.

### Share of select workforces who would get a raise under the Raise the Wage Act by 2028

<table>
<thead>
<tr>
<th>Workforce</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>All workers</td>
<td>19.0%</td>
</tr>
<tr>
<td>Men</td>
<td>14.7%</td>
</tr>
<tr>
<td>Women</td>
<td>23.9%</td>
</tr>
<tr>
<td>AAPI women</td>
<td>13.9%</td>
</tr>
<tr>
<td>White, non-Hispanic women</td>
<td>20.2%</td>
</tr>
<tr>
<td>Latinas</td>
<td>30.6%</td>
</tr>
<tr>
<td>Black women</td>
<td>32.7%</td>
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</tbody>
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Source: Economic Policy Institute analysis of the Raise the Wage Act of 2023. Estimates include directly affected workers who will see their wages rise to the new minimum wage and indirectly affected workers who have wages just above the new minimum and will receive a raise as employer pay scales are adjusted upward.
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 to workers across the economy—and because women and people of color are the majority of workers who would see their pay go up, increasing the minimum wage could narrow racial and gender wage gaps as well.\(^{28}\)

- A recent study found that minimum wage increases between 1990 and 2019 reduced Black-white wage gaps by 12% overall, and by 60% for workers with a high school diploma or less; while wage increases boosted earnings for men and women of all races, Black workers, and particularly Black women, experienced the greatest gains.\(^{29}\) Researchers also found that wage gaps would have narrowed further had the federal minimum wage not eroded over this period.\(^{30}\)

- The Center for American Progress estimates that if the federal minimum wage had been $15 in 2021, the wage gap between Black women and white, non-Hispanic men would have narrowed by 7 cents relative to the gap in 2020.\(^{31}\)

A $17 minimum wage for all working people would reduce poverty and income inequality.

- A $17 minimum wage would help 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.\(^{32}\) EPI estimates that a majority (60%) of workers whose total family income is below the poverty line would take home higher earnings if the minimum wage rose to $17 by 2028.\(^{33}\)

- The vast majority (82%) 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.\(^{34}\) In the One Fair Wage states where that is already required, tipped workers typically experience far lower poverty rates than in states with a $2.13 tipped minimum cash wage.\(^{35}\)

- 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.\(^{36}\) Under the Raise the Wage Act, 43% of workers who work fewer than 35 hours per week would get a raise.\(^{37}\)

- People with disabilities, too, are especially likely to hold jobs in which their hard work is rewarded with inadequate pay.\(^{38}\) Section 14(c) of the Fair Labor Standards Act currently allows employers to pay subminimum wages 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.\(^{39}\)

- The Raise the Wage Act sets an appropriate wage floor for the nation. A $17 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 2028, a single worker without children will need at least full-time earnings at $17 an hour ($35,3600 annually) to meet basic needs, and workers in costlier areas and those supporting families will need more.\(^{40}\)

- States and localities can and should continue to establish higher minimums, but a regional approach at the federal level could lock in the low wages that prevail in some regions—disproportionately suppressing wages for workers of color, especially Black workers in the South.\(^{41}\)
The Raise the Wage Act will help cement workers’ gains in the wake of the pandemic and foster shared prosperity.

- 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 hit the leisure and hospitality sector hard, the recovery has been swifter in One Fair Wage states: From January 2021 to May 2023, One Fair Wage states saw 53% growth in the leisure and hospitality industry, compared with just 19% growth 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 boost local economies and spur small business growth. Higher wages can also benefit employers by reducing turnover and increasing productivity.

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Establishing a nationwide $17 minimum wage for all working people is a key step toward equality, dignity, and safety for women at work. The Raise the Wage Act is long overdue measure to value working people and advance equal pay.

2 Tucker & Vogtman, “Hard Work Is Not Enough.”


5 Id.

6 Between 2019 and 2022, hourly wage growth was strongest at the bottom of the wage distribution, with typical wages increasing by 9% for workers in the lowest-paying jobs (compared to about 2%, for example, for workers in the middle of the wage distribution). Elise Gould & Katherine deCourcy, “Low-Wage Workers Have Seen Historically Fast Real Wage Growth in the Pandemic Business Cycle;” Economic Policy Institute (EPI), March 2023, https://files.epi.org/uploads/263265.pdf. The authors divide the wage distribution into five groups to examine wage trends at different wage levels; “workers in the lowest-paying jobs” refers to wage growth at the 10th percentile, while “workers in the middle of the wage distribution” refers to the average of the 40th–60th percentiles. Id. at 2-3. See also Tucker & Vogtman, “Hard Work Is Not Enough.”

7 Tucker & Vogtman, “Hard Work Is Not Enough,” and NWLC calculations based on 2021 ACS, accessed through Ruggles et al., IPUMS USA.


9 Zipperer, “The Impact of the Raise the Wage Act of 2023.”

10 Zipperer, “The Impact of the Raise the Wage Act of 2023.”


15 Approximately 6.6% of workers overall and 16.4% of women tipped workers lived in poverty prior to the pandemic. “One Fair Wage: Women Fare Better in States with Equal Treatment for Tipped Workers.”


20 See, e.g., Lew Blank, “$7.25 Isn’t Cutting It In This Economy. Voters Support Raising the Minimum Wage to $20 per Hour;” Data for Progress, May 24, 2023, https://www.dataprog-progress.org/blog/2023/5/24/725- isnt-cutting-it-in-this-economy-voters-support-raising-the-minimum-wage-to-20-per-hour (showing 76% of voters support raising the minimum wage to $17/hour, and 74% support an increase to $20/hour); Jasmine Tucker & Julie Vogtman, “Resilient But Not Recovered: After Two Years of the COVID-19 Crisis, Women Are Still Struggling;” NWLC, March 2022, at 16, https://nwlc.org/wp-content/uploads/2022/07/UPDated_July2022_NWLC-CovidReport.pdf (showing 74% of Americans support “increasing the wage that employers are required to pay tipped workers, so that tipped workers are entitled to the same minimum wage as anyone else, before tips”).


24 “Why the U.S. Needs at Least a $17 Minimum Wage.”


26 See LePage, “The Child Care and Early Learning Workforce Is Underpaid and Women Are Paying the Price,” and “Direct Care Workers in the United States: Key Facts.”


28 Jesse Wursten & Michael Reich, “Racial Inequality and Minimum Wages in Frictional Labor Markets” (IRLE Working Paper no. 101-21, February 2021), http://irle.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 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 Derenoncourt & Clare Montialoux, “Minimum Wages and Racial Inequality,” Quarterly Journal of Economics 136, no. 1 (February 2021): 169-228, https://doi.org/10.1093/qje/qjaa031 (finding that raising the federal minimum wage to $1.60 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).


31 See “Why the U.S. Needs at Least a $17 Minimum Wage.”


33 Zipperer, “The Impact of the Raise the Wage Act of 2023.”

34 See “Why the U.S. Needs at Least a $17 Minimum Wage” (finding in states that use the federal $2.13 tipped minimum wage, the poverty rate among tipped workers in restaurants and bars is 20.8%-76 percentage points higher than the 13.2% poverty rate in “one fair wage” states) and “One Fair Wage: Women Fare Better in States with Equal Treatment for Tipped Workers” (finding among women working in tipped jobs, the poverty rate is 30% lower in One Fair Wage states than in states with a $12.13 tipped minimum wage).


39 See “Why the U.S. Needs at Least a $17 Minimum Wage.”


43 Zipperer, “The Impact of the Raise the Wage Act of 2023.”

