



Women Need Higher Minimum and Tipped Wage Rates

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What is the current U.S. minimum wage?

Under the Fair Minimum Wage Act of 2007¹, the federal minimum wage is set at \$7.25 an hour. For a full-time worker paid federal minimum wages, this adds up to only \$15,080 annually, an impossible sum to live on in our current economic climate. Minimum wage rates vary at the state level from below minimum wage to about two dollars over the federal rate². The U.S. rate is one of the lowest among 25 industrialized countries, accounting for only 38 percent of this country's median wage³. If the federal minimum wage rate had kept up with gains in worker productivity, the rate would be \$22.00 per hour⁴. Others note that if the federal minimum wage had just kept up with inflation the current rate would be \$10.90.

Workers earning the minimum wage have annual incomes that fall far below the federal poverty level; the size of the minimum wage workforce over the last 30 years has grown two and one-half times as fast as the population⁵. Estimates on the total population of minimum wage workers ranges from 21 million⁶ to as high as 28 million. Continuing opposition to raising the minimum wage by conservatives in state legislatures and the Congress means that low minimum wage rates create and perpetuate poverty for tens of millions of working families.

Can I legally be paid lower than minimum wage?

Employees who legally receive pay below the federal minimum wage rate work in jobs that are not subject to the Fair Labor Standards Act (FLSA), which protects employees from wage and overtime exploitation, provided they're employed in businesses that make over \$500,000 annually and are involved in interstate commerce. For employees who are not protected under FLSA, state-level laws can determine an employee's pay, which can be below the federal minimum⁷. Currently four states pay their non-FLSA protected employees lower than the federal minimum wage: Georgia, Wyoming, Minnesota, and Arkansas⁸.

Additionally, employees under the age of 20 are not required to receive minimum wage for the first 90 days of their employment. They can receive \$4.25 hourly, per the standards set by the Fair Minimum Wage Act of 2007⁹.

How does this issue impact women workers?

Women are disproportionately represented in the number of minimum wage workers. According to the National Women's Law Center, nearly two-thirds of all minimum wage workers and nearly three-fourths

of tipped minimum wage workers are women¹⁰. Many of these women are employed in industries that are traditionally coded as "women's work" and have traditionally been underpaid: child and elder care, housekeeping and food service. The gender pay gap already leaves women's median annual earnings at 78 cents to a white male worker's dollar, which is further complicated by race—in 2012, black female workers' median annual earnings were 64 cents and Hispanic female workers' 54 cents¹¹ or the white male's dollar. Increasing the federal minimum wage and tipped minimum wage will directly benefit millions of women—increases in wage have been linked to positive business results, such as lower turnover, higher worker efforts, and encouragement of employer investment in their workers¹².

How is minimum wage different from tipped minimum wage?

The federal tipped minimum wage rate is much lower than federal minimum wage: \$2.13 an hour¹³. The understanding is that, with tips, workers would receive no less than \$7.25 hourly, as employers would have to pay the difference. Even if tips exceeded \$7.25 an hour, the minimum tipped wage uses the standard federal minimum wage rate, which is difficult to live on, as established earlier. State tipped minimum wages vary as well, much like state minimum wages.

The federal tipped minimum wage rate has not been increased in decades because efforts to raise the rate are routinely fought back by the powerful National Restaurant Association (NRA). The owners and managers of popular chain restaurants receive generous salaries – sometimes in the seven figures – while enjoying special federal tax breaks, according to Restaurant Opportunities Center United (ROC United). The NRA claims that raising tipped wage rates would greatly increase the cost of grocery store food purchases and dining out. But a 2012 analysis by ROC United shows that increases under the pending Fair Minimum Wage Act of 2013 would be less than one percent over a three year period while tipped wage workers would see their wages more than double.¹⁴

More than 10 million workers are employed in the restaurant business, often experiencing wage theft, unpredictable schedules and sexual harassment, health and safety hazards and race and gender discrimination. Nearly 70 percent of tipped wage workers in the restaurant business are women, many having young children, and receiving few or no benefits, and finding child care difficult to afford. Male tipped workers usually are paid more than female tipped workers. A substantial proportion of employees in this field are from communities of color.

Recent actions to increase the minimum wage have excluded raising the tipped minimum wage, as happened in New York State in 2013, when the new rate was set at \$9 per hour. Recently, McDonald's and other fast food workers went on strike worldwide, with U.S. workers demand a wage increase to \$15 an hour. On average in the U.S. fast food workers make just over \$9 an hour, far below the federal poverty threshold, and with no benefits. Many fast food workers have to rely on SNAP benefits (food stamps) in order to feed themselves and their families, meaning that taxpayers are paying billions to subsidize the fast food industry. Seattle's city council this spring voted to require a minimum wage of \$15 gradually increased over three to seven years, depending upon the size of business and benefits provided. Signatures are being gathered to place a question on an election ballot that would accelerate the wage increase timetable and make it apply to smaller-sized businesses.

Are there legislative efforts to raise the federal minimum wage?

Numerous efforts are ongoing in the U.S. Congress to improve fair pay for workers. The **Fair Minimum Wage Act of 2013** (S. 460/H.R. 1010), sponsored by Sen. Tom Harkin (D-Iowa) in the Senate and Rep. George Miller (D-Calif.) in the House, would increase the federal minimum wage incrementally to \$10.10 hourly over two years and federal tipped minimum wage to \$3 hourly and a formula for increases that would peg the tipped wage rate at 70 percent of the federal minimum wage for other employees. Future increases in the minimum wage would be based on the Consumer Price Index and determined by the Secretary of Labor, not Congress. S. 460 was referred to Health, Education, Labor and Pensions Committee in March 2013; H.R. 1010 is stuck in the Education and Labor Committee, but a discharge petition was filed in February 2014 to bring it to the floor for discussion and a possible vote. A discharge petition needs 218 supporters, a simple majority of the House, and the petition currently has 195. The Republican leadership is opposed to allowing a floor vote on the legislation. Republicans, generally, oppose increasing the minimum wage, asserting that doing so would lead to a significant loss of jobs, but various studies over time following prior minimum wage rate increases show that has not been the case.

Where can I get more information about the minimum wage?

The National Women's Law Center's extensive resources on minimum wage and its impact on female workers are found at <http://www.nwlc.org/our-issues/poverty-%2526-income-support/minimum-wage>.

The Department of Labor's Wage and Hourly Division provides an overview of federal and state-by-state minimum wage laws and statistics at <http://www.dol.gov/whd/minimumwage.htm>.

The National Employment Law Project's Raise the Minimum Wage website provides resources about current efforts to raise minimum wage across the country as well as ways you can speak out to raise minimum wage. Go to: <http://raisetheminimumwage.com/>

More information on tipped wage workers, check out the website for Restaurant Opportunities Center United at: <http://rocunited.org/>

A listing of different states' minimum wage rates can be found at: http://en.wikipedia.org/wiki/Minimum_wage_in_the_United_States

¹ United States Department of Labor, "Questions and Answers About the Minimum Wage."

<http://www.dol.gov/whd/minwage/q-a.htm>

² United States Department of Labor, "Minimum Wage Laws in the States- January 1, 2014."

<http://www.dol.gov/whd/minwage/america.htm>

³ <http://www.dailykos.com/story/2014/02/01/1273499/-This-week-in-the-War-on-Workers-On-minimum-wage-US-is-definitely-not-number-one>

⁴ http://en.wikipedia.org/wiki/Minimum_wage_in_the_United_States

⁵ <http://money.cnn.com/2014/02/06/news/economy/low-wage-breadwinner/index.html>

⁶ http://en.wikipedia.org/wiki/Minimum_wage_in_the_United_States

⁷ United States Department of Labor, "Questions and Answers About the Minimum Wage." <http://www.dol.gov/whd/minwage/q-a.htm>

⁸ United States Department of Labor, "Minimum Wage Laws in the States- January 1, 2014." <http://www.dol.gov/whd/minwage/america.htm>

⁹ United States Department of Labor, "Questions and Answers About the Minimum Wage." <http://www.dol.gov/whd/minwage/q-a.htm>

¹⁰ National Women's Law Center, "Fair Pay for Women Requires Increasing the Minimum Wage and Tipped Minimum Wage," March 28, 2014. <http://www.nwlc.org/resource/fair-pay-women-requires-increasing-minimum-wage-and-tipped-minimum-wage>

¹¹ National Women's Law Center, "Insecure & Unequal: Poverty and Income Among Women and Families 2000-2012," September 2013.

¹² T. William Lester, David Madland, and Nick Bunker, "An Increased Minimum Wage is Good Policy Even During Hard Times," *Center for American Progress*, June 2011.

http://www.americanprogressaction.org/issues/2011/06/higher_minimum_wage.html

¹³ United States Department of Labor, "Questions and Answers About the Minimum Wage." <http://www.dol.gov/whd/minwage/q-a.htm>

¹⁴ Dime A Day: the Impact of Miller/Harkin Wage Proposal on the Price of Food <http://rocunited.org/dime-a-day-the-impact-of-millerharkin-minimum-wage-proposal-on-the-price-of-food/>