
Raising Wages, Reducing Inequality, Sustaining Families: *Why raising the minimum wage is a civil and human rights issue*

October 2015



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This report, an update of our 2014 report, *Improving Wages, Improving Lives: Why raising the minimum wage is a civil and human rights issue*, is part of our continuing collaborative efforts to raise awareness among the civil rights and other communities about the need for stronger minimum wage policy to advance equity and fair pay for individuals and families struggling in low-paying jobs. We hope our allies and partners throughout the country benefit from the report's narrative and associated resources to advance their respective work.

The authors and publisher are solely responsible for the accuracy of statements and interpretations contained in this publication.



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Introduction

An increased minimum wage was a core demand of the August 1963 March on Washington for Jobs and Freedom. More than a half century later, the national minimum wage continues to fall short of providing working people and their families their full dignity and a “decent standard of living,” as called for at the march.¹ Last raised in 2009 to \$7.25 an hour,² the current national hourly minimum wage—and the subminimum wage for tipped working people—is low by historical standards³ and inadequate for meeting the basic expenses faced by working families.⁴

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Despite a series of legislative increases over the subsequent decades, the minimum wage afforded people a larger basket of goods and services at the time of the March on Washington than it does today—in other words, the value of the minimum wage has not kept pace with the times.⁵ And while, according to a 2015 report by the Economic Policy Institute, “average labor productivity has more than doubled since the late 1960s[,] pay for working people generally and for low-wage working people in particular has either stagnated or fallen since the 1970s.” Moreover, the national minimum wage has been pushed even further behind average wages, a key indicator of living standards in the United States (See Figure 3).⁶ At the same time, the minimum wage that employers are required to pay tipped working people—the “tipped minimum wage”—has been frozen at just \$2.13 an hour for nearly a quarter century.⁷ While the law requires that tips be sufficient to raise wages for

tipped working people to the standard minimum wage, the reality often falls short of this goal. The failure to raise the tipped minimum wage since 1991 has fueled markedly higher poverty and instability for these working people, two-thirds of whom are women.⁸

Raising the minimum wage remains essential for advancing civil and human rights today. To appreciate why, it is important first to understand the vast reach of the minimum wage and the potential reach of a higher minimum wage. In addition to the 3 million people who are paid the national minimum wage or less today,⁹ many more—representing over a quarter of all working people—would be affected by even a gradual, modest increase in the minimum wage over the next five years to \$12.00,¹⁰ as would their families. While its wide reach means that today’s low minimum wage—including the tipped minimum wage—harms a diverse range of people in America, it disproportionately impacts people of color, women,¹¹ LGBT individuals, and other disadvantaged groups.

The minimum wage is increasingly relevant for the well-being of low-wage working people’s families, as those likely to be affected by the minimum wage are significantly older and more educated than before,¹² and contribute far more to their families’ income (54.3 percent on average) than is commonly understood.¹³ In addition, the choice by policymakers to keep the mini-

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minimum wage low has been an important factor contributing to the dramatic and troubling rise in income inequality since the 1970s.¹⁴ For all these reasons and more, the civil rights community has a crucial role to play in the coming months and years in the fight to raise the minimum wage.

When advocating in 1937 for establishing the first national floor for wages, President Franklin Delano Roosevelt argued that our country should guarantee “all our able-bodied working men and women a fair day’s pay for a fair day’s work.”¹⁵ Roosevelt then explained that an appropriate minimum wage—along with other fundamental labor standards—was necessary in any “self-supporting and self-respecting democracy.”¹⁶ Unfortunately, this basic labor standard has been weakened significantly since its peak in the late 1960s, when it equaled about \$9.75 an hour (2015 dollars) and more than 50 percent of the average hourly wage for working people in the private sector (\$18.01 [2015 dollars] in 1968).¹⁷ When the minimum wage was at its high point during those years, the economy experienced robust growth,¹⁸ and recent minimum wage increases have also taken place alongside strong job growth.¹⁹ It is of little surprise then that the most exhaustive review of research on the impacts of the minimum wage finds that, on balance, impacts on employment are “both statistically insignificant and very close to zero, even when restricting the focus to teenagers and young adults.”²⁰ Notably, 600 economists, including seven Nobel Prize winners, signed a letter supporting a minimum wage increase.²¹

More than six years have passed since the last national minimum wage increase went into effect in July 2009 under the Fair Minimum Wage Act of 2007.²² While President Obama and many in Congress have called for a higher minimum wage since then, neither the U.S. House of Representatives nor the U.S. Senate has passed an increase since 2007. States and localities across the country—ranging from West Virginia and Connecticut to Seattle, Washington;²³ Santa Fe, New Mexico; and Los Angeles, California²⁴—have however acknowledged the problem and begun to raise state and local minimum wages. But millions of other individuals, families, and communities are waiting for Congress to act. Seven states currently have no minimum wage or a minimum wage below the federal level, and 16 have the same as the federal level.²⁵ With the current minimum wage—including the tipped minimum wage—indefensibly low and inconsistent with our nation’s values, national policymakers must act for the sake of working families throughout our country.

The remainder of this report discusses the current state of the minimum wage, the minimum wage as a core civil and human rights issue, recent progress in raising the minimum wage, and the need for congressional action, before concluding and providing recommendations. Finally, an appendix suggests additional resources to inform organizing efforts around the minimum wage.

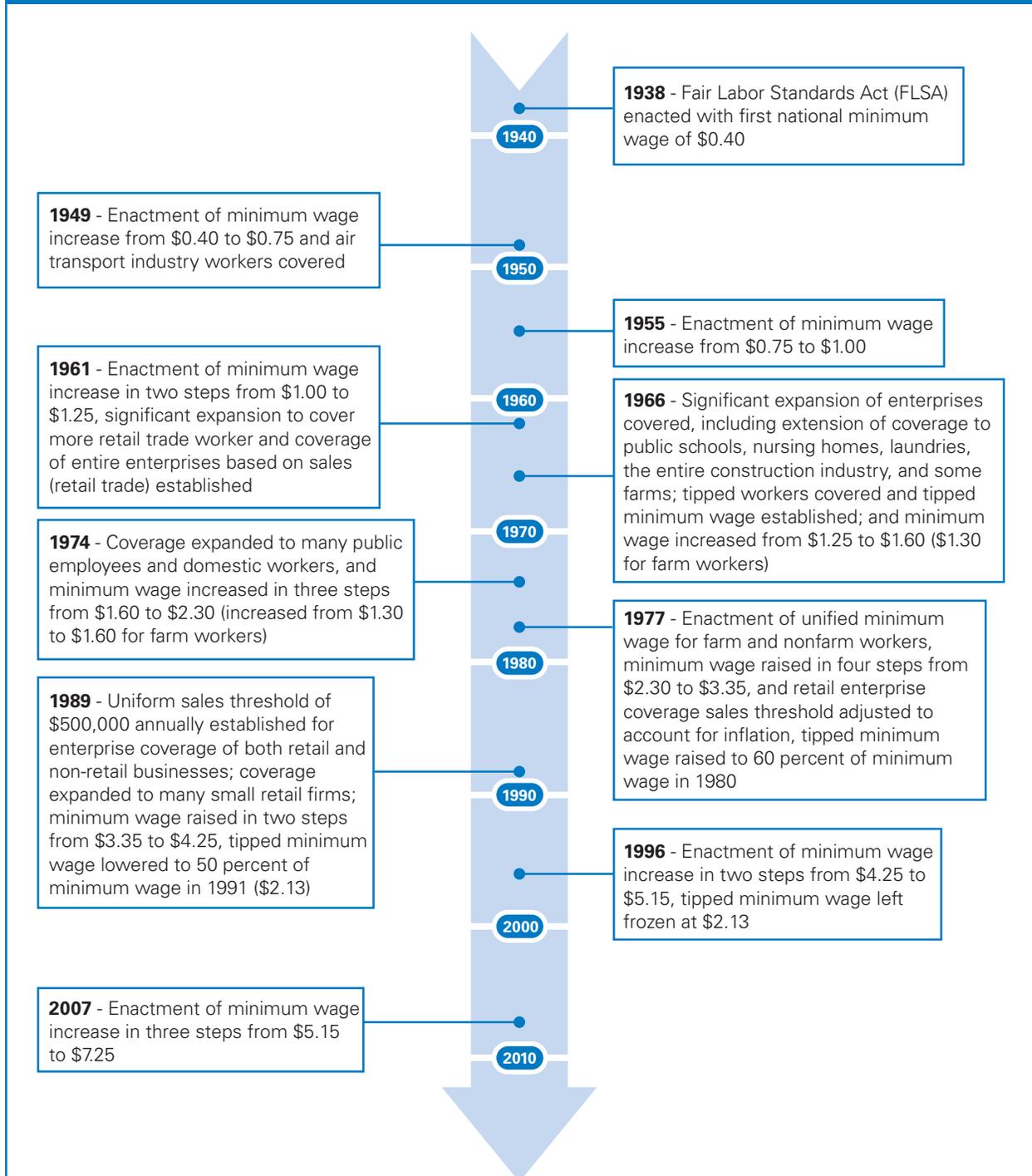
Box 1. The Subminimum Wage for Tipped Working People (“Tipped Minimum Wage”)

The Fair Labor Standards Act of 1938 (FLSA), as amended, allows employers to pay a subminimum wage of \$2.13 an hour—representing less than 30 percent of the national minimum wage of \$7.25 an hour—to working people receiving just \$30.00 or more a month in tips.¹ The tipped minimum wage requires workers and employers to follow confusing and complicated rules, and to fully document tips, which are often received as cash. In practice, analyses show that these working people at times earn less than the full minimum wage, not just for particular shifts, but even over the course of a full year, in part due to failures in tracking employee tips and enforcement challenges.²

Eliminating the tipped minimum wage would build on an early civil rights success. The 1966 FLSA amendments establishing the tipped minimum wage actually moved in the direction of addressing some of the concerns of the 1963 March on Washington and others arguing that the minimum wage excluded too many workers.³ In creating the tipped minimum wage, those amendments partially extended the application of the minimum wage to many working people in the hotel and restaurant sector who previously had no applicable national minimum wage.⁴

During the subsequent decades, the tipped minimum wage rose to between 50 and 60 percent of the minimum wage, rising to \$2.13 in 1991 when the regular minimum wage was \$4.25 an hour.⁵ But in 1996 when Congress and the president next raised the minimum wage, they failed to raise the tipped minimum wage.⁶ Now more than two decades after the last increase in the tipped minimum wage, a 2014 White House analysis notes that “average hourly wages for workers in predominantly tipped occupations are nearly 40 percent lower than overall average hourly wages.”⁷ As a result, tipped working people experience nearly twice the poverty rate (12.8 percent) as non-tipped working people (6.5 percent), according to the Economic Policy Institute.⁸

**Figure 1. Federal Hourly Minimum Wage:
Key Points in Legislative History**



Source: All dollar figures are in nominal terms. Based on Grossman, Jonathan. “Fair Labor Standards Act of 1938: Maximum Struggle for a Minimum Wage.” U.S. Department of Labor. June 1978. <http://www.dol.gov/dol/aboutdol/history/flsa1938.htm>, “History of Changes to the Minimum Wage Law.” U.S. Department of Labor. Accessed August 7, 2014. <http://www.dol.gov/whd/minwage/coverage.htm>, and “Minimum Wage for Tipped Workers.” National Employment Law Project. 2008. http://nelp.3cdn.net/331eca7ebfeefd2a6b_58m6y1f5f.pdf.

Current State of Minimum Wage

Frozen by Congress at \$7.25 an hour since 2009, the minimum wage today is low by a wide range of measures, harming millions of people in low-wage jobs and failing to pay working people sufficiently for the work they do. The current state of the minimum wage also means that there is a real opportunity to improve the lives of many of our nation's families with a reasonable increase to the minimum wage—including the tipped minimum wage, which has been frozen at \$2.13 an hour since 1991.

The minimum wage is unreasonably low and has declined significantly in value

Today, a full-time, year-round worker paid the minimum wage would earn just \$15,080 a year.²⁶ As shown in Figure 2 below, that amount falls under the poverty line for a family of two and is far below the minimum wage's inflation-adjusted 1968 historical peak of \$20,278 (2015 dollars). Even a two-adult, two-child family with one full-time worker paid the national minimum wage and benefiting from federal working family tax credits would end up 17 percent below the poverty line.²⁷ And many researchers believe that the official poverty line (\$24,526 for a two-adult, two-child family in 2015) is too low a threshold as it is.²⁸

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When considering the potential impacts of a minimum wage increase, it is essential to understand more broadly who is paid low wages, not just who is paid the mini-

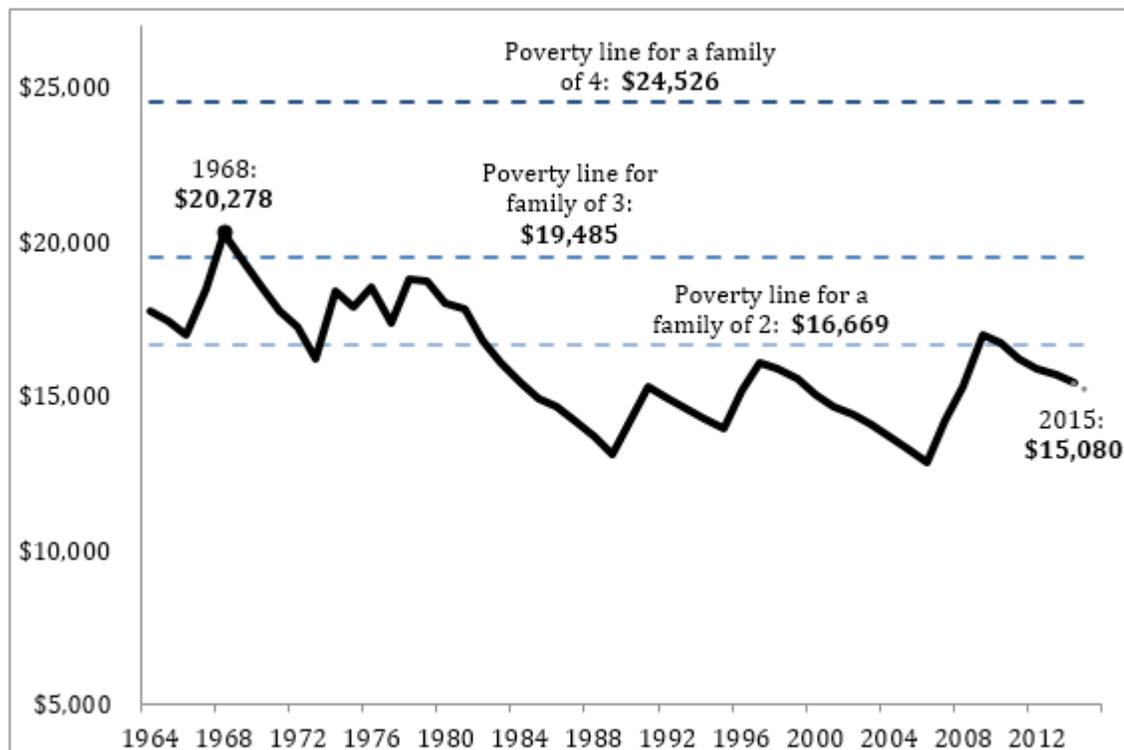
imum wage. The Economic Policy Institute estimates that the 35 million or so low-wage working people expected to benefit under a modest minimum wage increase are on average 36-years old—with just 10.7 percent being teenagers—and earn on average 54.3 percent of their family's income. As is often the case with labor standards, the minimum wage applies to working people without regard to their family income. However, higher wages from such an increase would disproportionately benefit low-, moderate-, and middle-income families, with more than two-thirds (67.3 percent) of affected working people in families earning less than \$60,000 a year, including nearly a quarter (21.5 percent) with family incomes below \$20,000 a year. In addition, a majority of working people (57.4 percent) who are likely to benefit from a higher minimum wage work full-time or at least 35 hours a week.²⁹ It is also noteworthy that low-wage working people are far better educated today than in the past, with nearly four in five (79 percent) of the bottom fifth of wage earners having graduated from high school today compared to less than half (48 percent) in 1968, the year in which the minimum wage reached its highest value.³⁰

Comparing minimum wage earnings to those made by reasonable but modest family budgets illustrates the inadequacy of the current minimum wage for supporting families.

- An MIT researcher estimates that a typical two-adult, two-child family “needs to work more than three full-time jobs (a 68-hour work week per working adult) to earn a living wage”³¹ if they are only working jobs that pay the federal minimum wage.
- Wider Opportunities for Women similarly estimates that minimum wage pay leaves working people far short of being able to meet their families' basic needs.³²

Figure 2. Minimum Wage is Insufficient to Keep Families Out of Poverty

Annual minimum-wage earnings and poverty line for families of 2 to 4, 1964 - 2015 (projected) and proposed federal minimum wage (2015 dollars)



Note: Poverty thresholds for 2015 for a family of two (one adult, one child), three (one adult, two children), and four (two adult, two children) are inflated from 2014 U.S. Census Bureau thresholds, based upon Congressional Budget Office (CBO) projected inflation for 2015. Minimum wage estimate for 2015 based upon CBO inflation projections. Annual earnings calculated assuming workers work 40 hours per week, 52 weeks per year.

Source: Authors' analysis of Economic Policy Institute, U.S. Census Bureau, U.S. Department of Labor data, and CBO.

- The National Center on Children in Poverty's Basic Needs Budget Calculator suggests that, "even in lower-cost localities where access to better paying jobs are limited, a single parent with two children needs a job that pays more than twice the federal minimum wage in order to provide for her family."³³
- Finally, the Economic Policy Institute's basic Family Budget Calculator shows that a single full-time worker paid the minimum wage with one child will be paid "far below the income necessary for such a family to attain a secure living standard even in the least expensive family budget area (which stood at \$35,132 in 2013 for that family type in Simpson County, Mississippi)."³⁴

As shown in Figure 3, the minimum wage would be markedly higher had it kept pace with the growth in the cost of living, average wages, or productivity since its 1968 peak. Remarkably, the minimum wage was worth more in inflation-adjusted dollars at the start of the Reagan administration in 1981 than it is today.

In addition, the subminimum wage for tipped working people has lagged increasingly behind the minimum wage, opening up the largest gap in history between the minimum wage and the subminimum wage for tipped working people (See Figure 4). Evidence from states that have eliminated the distinction between tipped and non-tipped working people strongly suggests that applying the same minimum wage to tipped working people

would significantly reduce poverty among tipped working people and their families³⁵ without any harm to the restaurant industry, where many tipped working people are employed. Research has even shown some evidence that states without a subminimum wage for tipped working people benefit from higher sales and employment.³⁶

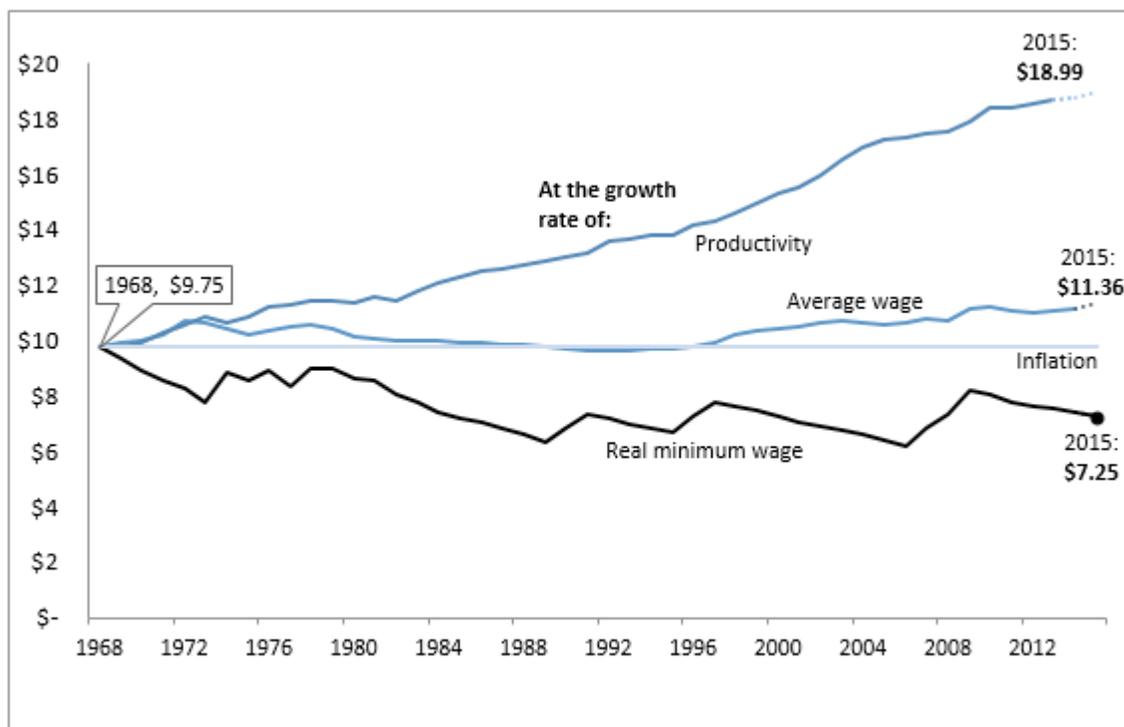
Raising the minimum wage would boost wages for a substantial share of working people

The minimum wage—and proposals to raise the minimum wage—directly and indirectly affect the wages of tens of millions of low-wage working people, in turn impacting the household incomes of many more people with low-wage working people in their families. Millions of people are paid exactly the \$7.25 national minimum wage (or less)³⁷ in the United States, and would earn higher wages after a minimum wage increase. But

raising the minimum wage also tends to raise the wages of other low-wage working people earning above, but still near, the minimum wage.³⁸ One reason for this may be that some employers feel compelled to take active steps to increase the pay of employees paid above the previous minimum wage and near a new minimum wage.³⁹ This phenomenon is especially important, because it means that any reasonable minimum wage increase will likely affect much of the low-paid labor force and more people will get paid more for the work they are doing. For example, the U.S. Bureau of Labor Statistics estimates that 3 million people were paid the minimum wage or less on an hourly basis in 2014—including an estimated 1.3 million people who earned exactly the minimum wage and another 1.7 million working people who earned even less than the minimum wage⁴⁰ (See Box 2 for more on who may be paid less

Figure 3. The minimum wage would be significantly higher had it kept pace with inflation, average wage growth, or productivity growth

Real value of the federal minimum wage, actual and hypothetical, at various growth rates, 1968-2015 (projected) (2015 dollars)



Note: Dollars deflated using Bureau of Labor Statistics (BLS) CPI-RS through 2014 and CBO inflation projection for 2015. Projected wage values based upon CBO inflation and productivity projections, and BLS average wage growth for June and July 2015.

Source: Authors' analysis of Economic Policy Institute, U.S. Department of Labor, and Congressional Budget Office data.

Box 2. Who Is Covered by the Minimum Wage, and Who is Left Out?

The Fair Labor Standards Act of 1938 (FLSA), as amended, requires covered, non-exempt employees to be paid a minimum wage of \$7.25 an hour. According to the Department of Labor, the FLSA (including the minimum wage) applies to employees of governments, hospitals, schools, all enterprises with gross sales or business of \$500,000 or more, and employees engaged in interstate commerce at smaller firms—including transportation and communication workers, as well as those “who regularly use [the postal service] or telephones for interstate communications.”¹ Others, including “guards, janitors, and maintenance employees who perform duties which are closely related and directly essential to such interstate activities,” as well as most domestic workers are also covered.² In practice, this means that approximately 99 percent of employees and more than 99 percent of establishments are potentially covered by the FLSA and its minimum wage protection.³

EXEMPTIONS: A diverse range of working people are exempt from the minimum wage however, including: farmworkers at small farms; some workers at seasonal and recreational establishments; salaried executive, administrative, professional, and outside sales employees; babysitters; federal criminal investigators; workers in fishing; newspaper delivery employees; and employees at limited-circulation newspapers.⁴

CARVE-OUTS: In addition, there are several groups of working people who face exceptions to the minimum wage, and are in fact often paid what is commonly referred to as a subminimum wage. The Department of Labor notes that there are exceptions for “workers with disabilities, full-time students, youth under age 20 in their first 90 consecutive calendar days of employment, tipped employees and student-learners.” Box 1 describes the differential treatment for tipped workers receiving just \$30.00 or more a month in tips.⁵

Youth Under Age 20: Working people under age 20 may be paid just \$4.25 an hour for the first 90 consecutive calendar days or until the employee turns 20 (whichever comes first). However, this subminimum wage is allowed only if the teenager’s work does not displace other working people.⁶

Working People with Disabilities: Working people with physical or intellectual disabilities that impair their “earning or productive capacity for the work being performed” may be paid less than the minimum wage, but commensurate with each person’s productivity, by employers certified by the Department of Labor.⁷

Full-Time Students: Full-time students employed in retail or service stores, agriculture, or colleges and universities may be paid as little as 85 percent of the minimum wage by certified employers. The students may be full-time working people when school is out of session, but may not work more than eight hours a day and 20 hours a week while school is in session.⁸

Finally, high school students age 16 and older in vocational education programs may be certified by the Department of Labor to be paid as little as 75 percent of the minimum wage by employers.⁹

than the minimum wage⁴¹). Yet the Congressional Budget Office estimated that in 2016, more than 30 million working people with hourly wages of up to \$11.50—ten times the 3 million with wages at or below the minimum wage and representing nearly a quarter of all working people—would be affected by even a gradual, modest increase in the minimum wage to \$10.10.⁴²

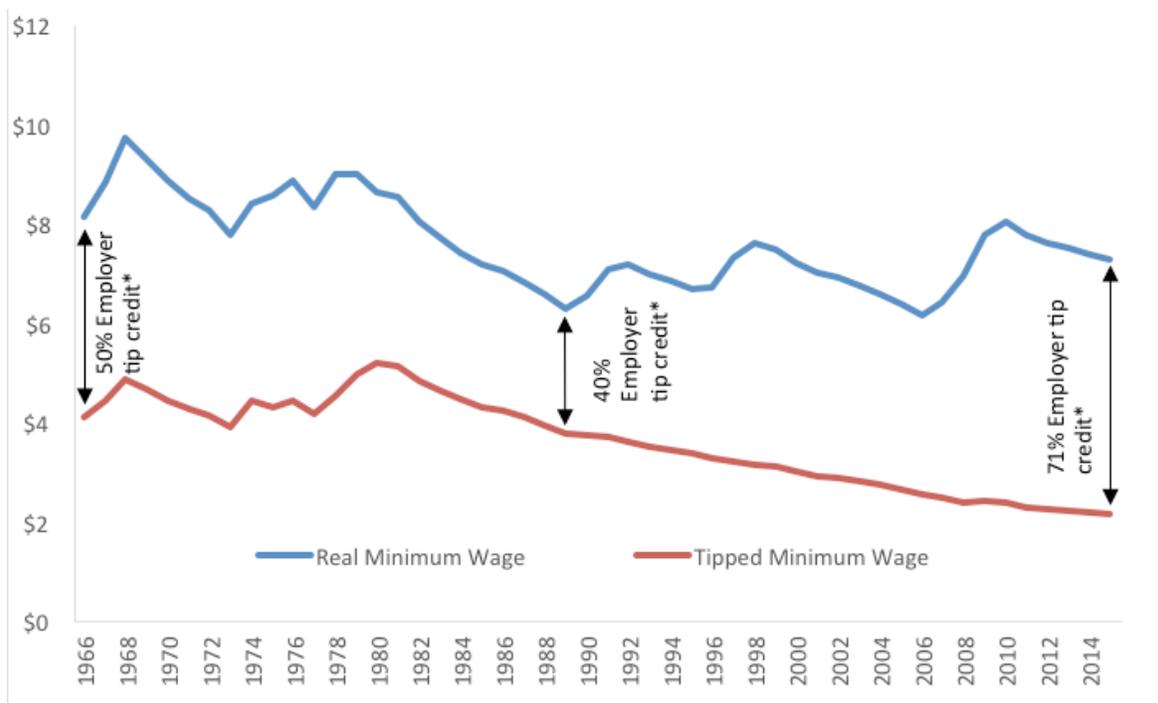
Certain occupations are particularly likely to be affected by a minimum wage and tipped minimum wage increase. When looking at occupations of minimum wage working people, U.S. Bureau of Labor Statistics data for 2014 show that about 10 percent of all working people in the service industry were paid at or below the minimum wage—the highest share among major occupation groups.⁴³ Overall, working people in this sector represent nearly two-thirds (65.4 percent) of all working people that are paid the minimum wage or less, with most of

these people working in food preparation and serving-related jobs⁴⁴—including fast food and restaurant cooks, bartenders and bartender helpers, working people in cafeterias, hosts, dishwashers, and waitstaff.⁴⁵ Looking beyond just those paid the minimum wage or less, the Economic Policy Institute estimates that in 2010, nearly three-quarters (74 percent) of food preparation and serving-related working people were paid poverty wages—wages that are insufficient to keep a family of

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Figure 4. The tipped minimum wage has fallen significantly below minimum wage

Real value of the federal minimum wage and subminimum wage for tipped workers, 1966-2015 (2015 dollars)



* The difference, paid for by customers' tips, between the regular minimum wage and the subminimum wage for tipped workers.

Note: Real 2015 dollars adjusted using Bureau of Labor Statistics CPI-RS. Minimum- or tipped-wage changes that occurred in mid-year are averaged.

Source: Adapted from Economic Policy Institute analysis of Fair Labor Standards Act and amendments.

four with one full-time, year-round worker out of poverty—the highest rate of any occupation.⁴⁶

The benefits of raising the minimum wage come with little downside

A reasonable minimum wage increase could put billions of dollars into the pockets of millions of low-wage working people—and with minimal downside.⁴⁷

Research demonstrates that reasonable minimum wage increases result in essentially no overall adverse employment effects.⁴⁸ A recent Upjohn Institute-published review of the evidence found “little or no effect on employment and hours.”⁴⁹ Another extensive review published in the British Journal of Industrial Relations concluded, “With 64 studies containing approximately 1,500 estimates, we have reason to believe that if there is some adverse employment effect from minimum-

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wage raises, it must be of a small and policy-irrelevant magnitude.”⁵⁰

One reason why a higher minimum wage has close to no negative effect on employment is that employers partially pass along higher labor costs to consumers, but even here the impact is very modest.⁵¹ An extensive review of research on price impacts found that “most

studies reviewed above found that a 10% US minimum wage increase raises food prices by no more than 4% and overall prices by no more than 0.4%.⁵² Another review of the research similarly found that while some prices do rise in response to a higher wage, this response is “weak.”⁵³ Researchers at the Food Labor Research Center at the University of California, Berkeley found that a proposal to raise the tipped minimum wage over three years to the point of more than doubling the wages of tipped working people would result in retail grocery store food prices rising by an average of less than half a percent and restaurant prices by less than one percent a year—equivalent to an increased overall cost of food of just a dime per day per household in America during the phase-in period.⁵⁴

At the same time, raising the minimum wage is likely to significantly reduce government spending on income supports for low- and middle-income wage earners. According to a recent analysis by researchers at the Center for American Progress, raising the minimum wage to \$12.00 could significantly reduce enrollment in SNAP (formerly food stamps)—the farthest reaching federal income support program for low-income households, thus saving taxpayers almost \$5.3 billion a year.⁵⁵

A higher minimum wage may have other positive social and economic effects as well. For example, a Standard and Poor’s analysis suggests that an increase in the minimum wage would likely reduce poverty and thus “also help bolster government balance sheets and likely improve state and local credit conditions.”⁵⁶ Additional research suggests that when the economy is not producing enough jobs, raising the minimum wage might even increase employment. Three economists at the Federal Reserve Bank of Chicago found that a \$1.00 minimum wage increase boosts consumer spending for households with minimum wage working people on average by about \$2,800 (per household) in the subsequent 12 months.⁵⁷ Others estimate that raising the minimum wage by \$2.85 could increase consumer demand by enough to create 85,000 new jobs.⁵⁸ In addition, raising the minimum wage may also increase productivity and reduce turnover.⁵⁹

The Upjohn Institute-published review of minimum wage literature concluded that “moderate increases in the minimum wage are a useful means of raising wages in the lower part of the wage distribution that has little or no effect on employment and hours. This is what one seeks in a policy tool, solid benefits with small costs.”⁶⁰ In other words, raising the minimum wage is sound policy because the benefits far outweigh the minimal costs.

The Minimum Wage and Civil and Human Rights

A higher minimum wage is fundamental to achieving civil and human rights for all of our families. Raising the minimum wage—including phasing out the tipped minimum wage—will help people of color, women, LGBT individuals, and other disadvantaged individuals and their families in particular, as these groups are disproportionately represented in low-wage work. Since the mid-20th century through today, an adequate minimum wage has been understood as core to the struggle for civil rights. As noted earlier, raising the minimum wage was a key demand of the 1963 March on Washington.⁶¹ In October 2013, then-NAACP President Ben Jealous argued that, “The current federal minimum wage is inadequate, outdated, and out of touch with the modern cost of living,” and called for the African-American community to “demand a dignified minimum wage on the federal level and in our communities.”⁶²

Raising the minimum wage will disproportionately impact people of color, women, LGBT individuals, and other disadvantaged groups

With African Americans, Hispanics, women, LGBT individuals, and other disadvantaged groups disproportionately represented among low-wage working people, these individuals also would disproportionately benefit from a higher minimum wage. White working people represent a majority of all beneficiaries (53 percent) from a higher minimum wage, but are underrepresented in the pool of low-wage working people. Therefore, only 21 percent of all White working people are estimated to benefit from an increase in the federal minimum wage, compared to 35 percent of all African-American working people and 38 percent of all Hispanic working people.⁶³

AFRICAN AMERICANS: According to the Economic Policy Institute, African Americans will represent 11 percent of the workforce by 2016, but will represent 15 percent of those who would benefit from the increase to

\$12.00 by 2020, as proposed in the Raise the Wage Act under consideration in Congress.⁶⁴ These figures mean that more than 5 million African-American working people,⁶⁵ including more than 3.1 million African-American working women, are estimated to benefit either directly or indirectly.⁶⁶

HISPANICS: The Economic Policy Institute also estimates that a minimum wage of \$12.00 an hour would likely raise wages for more than one in three (38 percent) Hispanic working people. Overall, though Hispanic people are estimated to represent 16 percent of the workforce in 2016, they would represent almost a quarter of all working people (24 percent) affected by the Raise the Wage Act’s proposed minimum wage increase to \$12.00 by 2020.⁶⁷ These figures mean that over 8.5 million Hispanic working people,⁶⁸ including nearly 4.2 million Hispanic working women, are estimated to benefit.⁶⁹ Importantly, an increase in the tipped minimum wage likely would disproportionately help Hispanic people, who represent 15 percent of the workforce, but nearly 20 percent of waiters and waitresses—an occupation that represents more than three in five tipped working people nationwide.⁷⁰

ASIAN AMERICANS: Nearly 2.5 million Asian Americans (23 percent of all Asian American workers) would be affected by an increase in the federal minimum wage to \$12.00 as well. If the minimum

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—Dara Richardson-Heron, CEO of the YWCA USA

wage rose to \$12.00 an hour, their collective wages are estimated to rise by \$2.2 billion.⁷¹

WOMEN: Women—especially women of color—are particularly likely to benefit from an increased minimum wage. Summarizing the research to date, an Upjohn Institute-published book notes that “minimum wages and minimum wage increases have a greater impact on women than on men.”⁷² Women represented more than three in five (63 percent) of all working people paid at or below the federal minimum wage in 2014⁷³ and are nearly three in five (59 percent) of those estimated to benefit from increasing the minimum wage and tipped minimum wage under a leading Congressional proposal.⁷⁴ The Economic Policy Institute estimates that two out of three tipped working people (67 percent) are women.

Dara Richardson-Heron, CEO of the YWCA USA, said, “Many of the women who walk through our YWCA doors are at a crossroads in their life, they’re often at their most vulnerable point, and they’re in desperate need of life-changing services ... raising the minimum wage is so vitally important for these women because we know that employment that pays a fair and family-sustaining wage is an essential element to help these women leave their violent homes and rebuild a life after abuse.”⁷⁵ Margot Dorfman, CEO of the U.S. Women’s Chamber of Commerce, also endorsed a minimum wage increase, saying, “Raising the minimum wage boosts the economy from the bottom up, which is exactly what we need to repower our economy and create lasting jobs.”⁷⁶

LGBT WORKERS: With lesbian, gay, bisexual, and transgender (LGBT) individuals and families facing heightened risks of low pay and poverty,⁷⁷ a minimum wage increase may disproportionately benefit the LGBT community.

- A 2014 report by the Movement Advancement Project, Human Rights Campaign, and Center for

American Progress found that “married or partnered LGBT individuals raising children are twice as likely to have household incomes near the poverty line compared to married or partnered non-LGBT parents.”

- **SAME-SEX COUPLES:** According to a 2014 analysis by the Williams Institute at UCLA, the poverty rate among lesbian couples is 7.9 percent, compared to 5.8 percent among different-sex (married) couples.⁷⁸ While 6.5 percent of different-sex married couples receive SNAP (formerly food stamps), 7.7 percent of male same-sex and 14.1 percent of female same-sex couples receive food stamps.⁷⁹
- **TRANSGENDER WORKERS:** In addition, “transgender people are nearly four times as likely to have a household income under \$10,000 per year,” as compared to the population as a whole (15 percent vs. 4 percent).⁸⁰
- **LGBT PEOPLE OF COLOR:** Intersectionality is a challenge in this context as well. Among African-American same-sex couples, the poverty rates are more than twice the rate of different-sex couples.⁸¹ As for Hispanic same-sex couples, both female and male same-sex couples are “about twice as likely as non-Hispanics in the same couple type to be in poverty”—12.4 percent versus 6.9 percent for women and 8.5 percent versus 3.7 percent for men—“but Hispanic people in same-sex couples are less likely to

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—Margot Dorfman, CEO of the U.S. Women’s Chamber of Commerce

be poor than are Hispanics in different-sex couples.”⁸²

IMMIGRANTS: Other communities that have historically faced and continue to face higher rates of social and economic disadvantage are likely to benefit significantly from a higher minimum wage as well. An Urban Institute analysis found that immigrants make up a disproportionate share of those working in low-paid jobs, including jobs paying less than the minimum wage.⁸³ Other research indicates that immigrant working people affected by a minimum wage increase are no less

likely to benefit due to employer noncompliance and, if anything, employer compliance appears highest toward working women in industries with high immigrant employee concentration.⁸⁴

PEOPLE WITH DISABILITIES: People with disabilities, too, might be especially likely to benefit from a higher minimum wage. A typical full-time, year-round working person with disabilities earns 12 percent less than one without disabilities, and working-age people with disabilities face more than double the poverty rate (28.2 percent) as those without disabilities (12.5 percent), while having household incomes that are barely three-fifths (63.5 percent) of their counterparts without disabilities.⁸⁵

“We demand that there be an increase in the minimum wage so that men may live in dignity.”

—Bayard Rustin

The minimum wage has been a core civil rights issue for generations

An adequate and widely applicable minimum wage has been a core element of the struggle for civil rights for generations. The call for a higher minimum wage was in fact one of just 10 demands agreed to by the diverse group of civil rights, labor, and faith-based organizations leading the 1963 March on Washington.⁸⁶ Civil rights leader Bayard Rustin voiced the demand at the march: “We demand that there be an increase in the minimum wage so that men may live in dignity.”⁸⁷

At the time of the March on Washington, the minimum wage in place was higher in both inflation-adjusted terms and as a percent of average wages than it is today,⁸⁸ and the march called for an hourly minimum wage (\$2.00 in 1963) that is equivalent to over \$13.00 today.⁸⁹ Speaking at the march as national chairman of the Student Nonviolent Coordinating Committee, now-Congressman John Lewis called for legislation that would “ensure the equality of a maid who earns \$5.00 a week in the home of a family whose total income is \$100,000 a year.”⁹⁰ Importantly, the 1963 march itself, as reflected in its demands, ultimately hoped to help ensure “complete equality in citizenship to the Negro minority of our population” and a higher and broader minimum wage was intended to advance that goal.⁹¹ A few years later in March 1966—even as the minimum wage remained higher in inflation-adjusted dollars than it is today⁹²—Dr. Martin Luther King, Jr. and other civil rights leaders went so far as to say, “We know of no more crucial civil rights issue facing Congress today

At the time of the March on Washington, the minimum wage in place was higher in both inflation-adjusted terms and as a percent of average wages than it is today, and the 1963 march called for an hourly minimum wage (\$2.00 in 1963) that is equivalent to over \$13.00 today.

than the need to increase the federal minimum wage and extend its coverage.”⁹³

Two decades later, Coretta Scott King testified before Congress and called for what would have been the first increase in six years to the then-\$3.35 an hour minimum wage.⁹⁴ King pointed out that the minimum wage—equivalent to almost \$6.75 today⁹⁵—was “not adequate to take care of a family.” She continued, “If people aren’t paid adequately to work, society will pay in other ways ... You will pay to mend broken lives or by incarceration.”⁹⁶

Support for the Minimum Wage Continues Today

To this day, civil rights leaders have underscored the importance of raising the minimum wage. The civil rights community noted that a higher minimum wage was a top priority and provided strong support for the most recent national minimum wage increases, ultimately enacted in 2007.⁹⁷ More recently, civil rights leader and National Urban League President and CEO Marc Morial endorsed a congressional proposal to raise the minimum wage to

“If people aren’t paid adequately to work, society will pay in other ways.”

—Coretta Scott King

a little over \$10.00 an hour, noting, “It would result in 30 million people receiving a raise, nearly half of whom would be people of color.”⁹⁸

After a meeting between civil rights leaders and President Obama in February 2014, civil rights leader Rev. Al Sharpton described the need to raise the minimum wage as a “central concern in [the African-American] community.”⁹⁹ Sharpton continued, “It’s not just having a job, but having wages that are guaranteed to provide for our families.”¹⁰⁰

Latino leaders have been equally focused on the need for a higher minimum wage. In April 2014, Janet Murguía, president and CEO of the National Council of La Raza, the nation’s largest Hispanic civil rights organization, called for Congress to raise the minimum wage: “As

the fastest-growing segment of the American workforce, Latinos understand the value of hard work. Unfortunately, there are far too many hardworking individuals in this country who struggle to provide basic necessities for their families because they aren't paid decent, livable wages."¹⁰¹

Women's groups have also emphasized the importance of raising the minimum wage today. In January 2014, National Organization for Women President Terry O'Neill argued that to close the wage gap between men and women, "a top priority must be increasing the minimum wage."¹⁰² The National Women's Law Center has amplified this message, saying that "increasing the minimum wage and tipped minimum wage are key steps toward fair pay for women."¹⁰³ Donna P. Hall, president and CEO of the Women Donors Network, has argued that "raising the minimum wage is the most important women's issue of 2014," and noting that women of color are overrepresented in minimum wage and other low-wage jobs.¹⁰⁴

A recent Upjohn Institute comprehensive review of minimum wage research notes that, "Researchers are unanimous in finding that minimum wage increases reduce income inequality."

Raising the minimum wage advances additional civil rights goals

In addition to raising wages for low-wage working people, the impacts of raising the minimum wage include reducing poverty and income inequality, while furthering gender pay equity.

REDUCING POVERTY AND INCOME INEQUALITY: Between 900,000 and 4.6 million fewer people would experience poverty if an earlier proposal to raise the minimum wage to \$10.10 by the second half of 2016 had become law. The Congressional Budget Office estimates that that proposal would keep 900,000 people out of poverty,¹⁰⁵ while the White House estimates that it would lift 2 million people out of poverty.¹⁰⁶ Research by the University of Massachusetts, Amherst suggests that such an increase might lift 4.6 million people out of poverty.¹⁰⁷ Raising the minimum wage to \$12.00 an hour would lift even more people out of poverty. Research also suggests that raising the minimum wage reduces child poverty among single-mother households in particular.¹⁰⁸

Considering the central importance of countering income inequality to both earlier and contemporary civil rights movements,¹⁰⁹ it is noteworthy that minimum wage increases have been found to reduce income

inequality as well as the gender wage gap. A recent Upjohn Institute comprehensive review of minimum wage research notes that, "Researchers are unanimous in finding that minimum wage increases reduce income inequality."¹¹⁰

REDUCING THE GENDER WAGE GAP: A related impact from a higher minimum wage is the likelihood that it will help reduce the gender wage gap, particularly for women of color. Among full-time, year-round working people, women are paid just 79 cents for every dollar men are paid—a fact that remains unchanged over the past decade.¹¹¹ African-American women are paid just 60 cents and Hispanic women only 55 cents for each dollar paid to white, non-Hispanic male counterparts.¹¹² As noted previously, women represent approximately 56 percent of working people who would be affected by an increase in the minimum wage to \$12.00 and nearly three-quarters of working people likely to be affected by a significant increase in the tipped minimum wage.¹¹³

The National Women's Law Center compared states and found that higher state minimum wages are associated with smaller state-level gender wage gaps.¹¹⁴ For example, in states with an hourly minimum wage at or above \$8.00, the average gender wage gap is 22 percent smaller (at 17.7 cents for every dollar) than in states with a \$7.25 minimum wage (22.7 cents on average). A White House Council of Economic Advisers analysis found that an increase to just over \$10.00 in the minimum wage could reduce the gender wage gap by about 5 percent¹¹⁵—so an increase to \$12.00 would likely make an even larger dent in the gender wage gap.

REDUCING THE LGBT WAGE GAP AND PENALTIES: A higher minimum wage would positively impact LGBT individuals, who also suffer from a wage gap and face wage penalties.¹¹⁶ According to a 2014 report by the Movement Advancement Project, Human Rights Campaign, and Center for American Progress, while "lesbian and bisexual women actually fare better than heterosexual women [when it comes to wages, they] still experience the gender-based wage gap relative to all men"—and of course, the overall impact of the wage gap is amplified for two-worker lesbian couples.¹¹⁷ It is also worth pointing out that a higher minimum wage might similarly reduce the wage penalty for gay and bisexual men. Recent research found "that gay and bisexual men experience a wage penalty and earn between 10% and 32% less than heterosexual men, even when controlling for important factors like education, occupation, and region of the country."¹¹⁸

Recent Progress

In recent years—and especially in recent months—a number of states and localities have acted to raise their minimum wages.¹¹⁹ A White House Council of Economic Advisers analysis estimates that approximately 7 million working people will benefit from state minimum wage increases as of 2017.¹²⁰ President Obama has issued an executive order raising the minimum wage for those employed under federal contracts (See Box 3 below), while also calling for Congress to act on an economy-wide minimum wage.

Numerous states have raised their minimum wage above the federal floor

As of September 2015, 17 states and the District of Columbia had passed minimum wage increases since 2012—including Alaska, Arkansas, California, Connecticut, Delaware, Hawaii, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, New Jersey, New

York, Rhode Island, South Dakota, Vermont, and West Virginia.¹²¹ Notably, 29 states plus the District of Columbia have a minimum wage above the federal floor of \$7.25 an hour (See Figure 5). This group includes six states—California, Massachusetts, Connecticut, Hawaii, Maryland, and Vermont—that have enacted laws that eventually would raise their state minimum wages to more than \$10.00 an hour. In addition, several states are also considering minimum wage increases to more than \$10.00 an hour, including Washington, Delaware (for fast food and property services), Oregon, Massachusetts (for large fast food restaurants and retailers), Colorado, Illinois, Pennsylvania, Maine, and New York.¹²² Two University of Delaware economists who examined state minimum wage increases between 2011 and 2014 found that, “There is no evidence of negative employment effects due to the increases in state minimum wages.”¹²³

Box 3. The President’s Executive Order on Federal Contracts

In February 2014, President Obama signed Executive Order 13658, raising the minimum wage paid by federal contractors to their employees under any new contracts as of January 2015 to \$10.10 and indexing the minimum wage—and raising the tipped minimum wage to \$4.90.¹ The tipped minimum wage for contractors is scheduled to rise in \$0.95 increments until it equals 70 percent of the minimum wage for contractors, and it is scheduled to rise with inflation thereafter.²

This executive order likely comes with an important set of benefits for working people and the economy. Most directly, the White House estimates that nearly 200,000 workers will benefit from this executive order by 2019, with evidence suggesting that these working people will see higher “morale, productivity, and quality of work.”³ More broadly, the nonpartisan public policy group Demos argues that by raising wages for some low-wage working people, the executive order likely will increase public tax revenues, reduce spending on public benefits, and provide a modest boost for the economy.⁴

The federal contractor minimum wage executive order is unequivocally an important step forward. However, the National Employment Law Project (NELP), which strongly supports the order, has noted its limited reach and cautious schedule for raising the tipped minimum wage, pointing to the potential benefits from stronger enforcement efforts than what have been proposed to date.⁵

Figure 5. Federal and State Hourly Minimum Wages and Tipped Minimum Wages as of September 15, 2015

| State | Regular minimum wage | Tip credit for employers ⁺ | Tipped minimum wage | Tipped minimum as a share of regular minimum wage |
|----------------------|----------------------|---------------------------------------|---------------------|---|
| United States | \$7.25 | \$5.12 | \$2.13 | 29.4% |
| Alabama | \$7.25 | \$5.12 | \$2.13 | 29.4% |
| Alaska | \$8.75 | \$0.00 | \$8.75 | 100.0% |
| Arizona | \$8.05 | \$3.00 | \$5.05 | 62.7% |
| Arkansas | \$7.50 | \$4.87 | \$2.63 | 35.1% |
| California | \$9.00 | \$0.00 | \$9.00 | 100.0% |
| Colorado | \$8.23 | \$3.02 | \$5.21 | 63.3% |
| Connecticut* | \$9.15 | \$3.37 | \$5.78 | 63.2% |
| Delaware | \$8.25 | \$6.02 | \$2.23 | 27.0% |
| District of Columbia | \$10.50 | \$7.73 | \$2.77 | 26.4% |
| Florida | \$8.05 | \$3.02 | \$5.03 | 62.5% |
| Georgia | \$7.25 | \$5.12 | \$2.13 | 29.4% |
| Hawaii | \$7.75 | \$0.00 | \$7.75 | 100.0% |
| Idaho | \$7.25 | \$3.90 | \$3.35 | 46.2% |
| Illinois | \$8.25 | \$3.30 | \$4.95 | 60.0% |
| Indiana | \$7.25 | \$5.12 | \$2.13 | 29.4% |
| Iowa | \$7.25 | \$2.90 | \$4.35 | 60.0% |
| Kansas | \$7.25 | \$5.12 | \$2.13 | 29.4% |
| Kentucky | \$7.25 | \$5.12 | \$2.13 | 29.4% |
| Louisiana | \$7.25 | \$5.12 | \$2.13 | 29.4% |
| Maine | \$7.50 | \$3.75 | \$3.75 | 50.0% |
| Maryland | \$8.25 | \$4.62 | \$3.63 | 44.0% |
| Massachusetts | \$9.00 | \$6.00 | \$3.00 | 33.3% |
| Michigan | \$8.15 | \$5.05 | \$3.10 | 38.0% |
| Minnesota | \$8.00 | \$0.00 | \$8.00 | 100.0% |
| Mississippi | \$7.25 | \$5.12 | \$2.13 | 29.4% |
| Missouri | \$7.65 | \$3.82 | \$3.83 | 50.1% |
| Montana | \$8.05 | \$0.00 | \$8.05 | 100.0% |
| Nebraska | \$8.00 | \$5.87 | \$2.13 | 26.6% |
| Nevada | \$8.25 | \$0.00 | \$8.25 | 100.0% |
| New Hampshire | \$7.25 | \$3.99 | \$3.26 | 45.0% |
| New Jersey | \$8.38 | \$6.25 | \$2.13 | 25.4% |
| New Mexico | \$7.50 | \$5.37 | \$2.13 | 28.4% |
| New York** | \$8.75 | \$3.10 | \$5.65 | 64.6% |
| North Carolina | \$7.25 | \$5.12 | \$2.13 | 29.4% |
| North Dakota | \$7.25 | \$2.39 | \$4.86 | 67.0% |
| Ohio | \$8.10 | \$4.05 | \$4.05 | 50.0% |
| Oklahoma | \$7.25 | \$5.12 | \$2.13 | 29.4% |

(Chart continued on next page)

| | | | | |
|----------------|--------|--------|--------|---------|
| Oregon | \$9.25 | \$0.00 | \$9.25 | 100.0% |
| Pennsylvania | \$7.25 | \$4.42 | \$2.83 | 39.0% |
| Rhode Island | \$9.00 | \$6.11 | \$2.89 | 32.1% |
| South Carolina | \$7.25 | \$5.12 | \$2.13 | 29.4% |
| South Dakota | \$8.50 | \$4.25 | \$4.25 | 50.0% |
| Tennessee | \$7.25 | \$5.12 | \$2.13 | 29.4% |
| Texas | \$7.25 | \$5.12 | \$2.13 | 29.4% |
| Utah | \$7.25 | \$5.12 | \$2.13 | 29.4% |
| Vermont | \$9.15 | \$4.57 | \$4.58 | 50.1% |
| Virginia | \$7.25 | \$5.12 | \$2.13 | 29.4% |
| Washington | \$9.47 | \$0.00 | \$9.47 | 100.00% |
| West Virginia | \$8.00 | \$5.60 | \$2.40 | 30.0% |
| Wisconsin | \$7.25 | \$4.92 | \$2.33 | 32.1% |
| Wyoming | \$7.25 | \$5.12 | \$2.13 | 29.4% |

+ The amount of money under the minimum wage that an employer is not required to pay an employee.

* Connecticut has a higher \$7.34 tipped minimum wage for bartenders only.

** New York has a tipped minimum wage of \$5.00 for “food service workers” and \$5.65 for “service employees” (until the tipped minimum wage is raised to \$7.50 on December 31, 2015, which will apply uniformly to all tipped workers).

Note: States in bold have enacted increases in 2015. For states that do not have a state minimum wage or have a minimum wage that is less than the federal minimum, federal standards are reported because most workers in these states are legally required to be paid the federal rate.

Source: Adapted from the Economic Policy Institute’s Minimum Wage Tracker. Updated September 15, 2015. <http://www.epi.org/minimum-wage-tracker/>.

Cities and counties across the nation have raised the minimum wage in recent years

A growing chorus of cities across the country have also raised the minimum wage in recent years. In June 2015, Los Angeles became the latest—and largest¹²⁴—city to enact a \$15.00 minimum wage, joining the ranks of cities including San Francisco, Seattle, and SeaTac, Washington (which only applies to working people in the hospitality and transportation sectors). Other localities in New Mexico (Albuquerque, Bernalillo County, Las Cruces, and Santa Fe [City and County]), and California (Berkeley, Emeryville, Los Angeles County, Mountain View, Oakland, Richmond, San Diego, San Jose, and Sunnyvale), as well as Portland, Maine; Kansas City, Missouri; Louisville, Kentucky; Washington, D.C.; and Chicago, Illinois, have recently enacted minimum wage increases.¹²⁵ Montgomery County and Prince George’s County in Maryland, both neighboring Washington, D.C., have also raised their minimum wages.

As of September 2015, more cities are considering following suit, including New York City, Olympia

and Tacoma, Washington, Lexington, Kentucky, and Sacramento and Davis, California.¹²⁶ At the same time, working people in the fast food industry across the country are organizing for a \$15.00 an hour minimum wage within their industry.¹²⁷

When researchers have analyzed local minimum wage increases, they have found no evidence of the employment declines predicted by opponents.¹²⁸ Similarly, when University of California, Berkeley researchers looked at the impact on restaurants of San Francisco’s minimum wage increase in the mid-2000s, they found that it “increased pay significantly at affected restaurants,” even as the researchers failed to “detect any increased rate of business closure or employment loss among [affected] restaurants.”¹²⁹

A University of New Mexico study examining the 2004 Santa Fe living wage ordinance found that employment levels had been “unaffected by the living wage ordinance.”¹³⁰

Waiting for Congress

State, local, and national progress (See Box 3 on the President's Executive Order) thus far to raise the minimum wage in different venues is important and impactful in its own right, but it also highlights the increasing inadequacy of the current federal minimum wage. Even with higher minimum wages in many states, three-quarters of working people continue to live in states with a minimum wage of \$8.00 an hour or less.¹³¹

Many low-wage working people live in states that are unlikely to raise their own minimum wage. Indeed, five states (Alabama, Louisiana, Mississippi, South Carolina, and Tennessee) do not even have a minimum wage,¹³² and two states (Georgia and Wyoming) have minimum wages that are lower than the federal minimum wage. While these and other lagging states can and should follow the lead of states that have minimum wages above the federal minimum wage, the experience of the last 75 years suggests that the most likely way to raise the minimum wage for working people in such states is by raising the national minimum wage.

In addition to an increase in the national minimum wage, policymakers have proposed raising the tipped working people's subminimum wage and pegging it to a higher percentage of the minimum wage or, in the case of the most prominent proposal before Congress, eliminating the distinction altogether. States have shown that tipped industries, including restaurants, can experience strong economic growth while eliminating separate minimum wages for tipped working people.¹³³

Unfortunately, the only recent congressional votes on a minimum wage increase—a U.S. Senate vote earlier this spring, which failed 48-52, and one earlier in 2014, when only 54 out of 100 senators voted to end a filibuster against the bill (60 votes are required to bring up the legislation for a floor vote)—have both fallen short.¹³⁴ The U.S. House of Representatives has to date failed to

bring up a clean minimum wage increase for a full vote. In 2014, President Obama made clear he would sign a bill sufficiently raising the minimum wage if Congress would send one to his desk.¹³⁵

Conclusions and Recommendations

In an April 2014 letter to Congress, the NAACP Legal Defense and Educational Fund, Inc., wrote that, “Raising the minimum wage ... is a vital civil rights issue,” and that a higher minimum wage will help achieve the goals of the Civil Rights Act of 1964. Indeed, while the substantial gains of a higher minimum wage are widespread, communities that have historically suffered and continue to suffer from discrimination in employment, housing, and beyond are particularly likely to benefit from a higher minimum wage. As this report illustrates, raising the minimum wage and eliminating the penalty for tipped working people will disproportionately affect people of color, women, LGBT individuals, and other disadvantaged individuals and their families. Thus, raising the minimum wage is an important step for putting our economy back in balance, reducing poverty, and narrowing the gender pay gap.

States and localities across the country are deciding that the national minimum wage of \$7.25 an hour—and the significant earnings penalty under federal law for tipped working people—is harmful to working people, their families, and our communities. Many jurisdictions have established markedly higher minimum wages, without a separate standard for tipped working people, and some local governments have taken an important initial step of raising wages for their own employees and contractors. States, counties, and cities that have not done so recently should consider establishing or raising existing minimum wages (including eliminating any distinctions for tipped working people altogether) above the current federal minimum wage.

Advocates believe that it is time for Congress to pass—and for the president to sign—a reasonable minimum wage increase that includes tipped workers. Millions of low-paid working people live in states and localities that simply are unlikely to raise their minimum wage unless

Congress does it for them. Advocates note that proposals in Congress move in the right direction by proposing increases that would help millions of working people, in part through long-overdue increases in the tipped minimum wage. However, even the most prominent proposals under consideration would fall short of ensuring a decent living standard for low-paid working families or restoring the minimum wage to its peak levels in the late 1960s. Increased efforts to educate policymakers and the public about the need to raise the minimum wage are key to helping realize this longstanding civil rights goal.

Endnotes

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Box 1

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