

Legal Momentum Fact sheet

Why Raising the Federal Minimum Wage is Essential to Gender Equity

Overview

A disproportionate number of women work in low-wage, minimum-wage, and tipped-wage work. These inequities and the enduring wage gap for women and people of color are the product of long-term structural discrimination, often leading to inescapable cycles of poverty and economic insecurity. Dismantling these intolerable inequities requires sweeping and immediate shifts in economic policy, including mandating a living wage.



The Federal Minimum Wage Is:

1. **Unacceptably low.** The federal minimum wage is still a mere \$7.25 an hour.
2. **Even lower for certain types of workers.** Workers who receive tips, for example, can be paid a lower wage of \$2.13 an hour with the expectation that they will make up the rest in tips. While employers are supposed to make up the difference to ensure that workers receive at least the minimum wage of \$7.25 after tips, this requirement is rarely followed or enforced.
3. **Stagnant and unsustainable.** Despite inflation, federal minimum wage rates have not increased since 2009. This means that as the cost of living has increased over the last decade, minimum-wage workers today have significantly less money to support themselves and their families. It is estimated that the minimum wage is now worth approximately 18 percent less than when it was last raised (adjusting for inflation).

Minimum Wage Workers Are:

1. **Predominantly women & people of color.** The failure to increase the federal minimum wage disproportionately pushes women and people of color into poverty and economic insecurity. The impact carries over to children, perpetuating inescapable cycles of inequality.
2. **Working full-time and still living in poverty.** Most low-wage workers in the US are adults working full-time. A full-time, year-round minimum wage worker makes approximately \$15,000 a year. The poverty level in 2021 for a family of two was \$17,420.]
3. **Women tipped workers earning even less.** Nearly one in seven tipped workers are women and in 2019 the poverty rate for female tipped workers was nearly 2.5 times that of tipped workers overall. The tipped minimum wage is a legacy of slavery and disproportionately impacts women and Black and Hispanic workers.

Raising the Minimum Wage Will:

- 1. Reduce poverty and increase overall income equality.** Raising the minimum wage would increase wages for 60% of workers living in poverty and approximately 32 million workers overall. Research shows that the 1966 increase (and expansion to new categories of workers) led to a significant drop in earnings inequality.
- 2. Reduce gender pay inequity and elevate women of color.** Women currently make up nearly two-thirds of workers doing low-wage work. Latinas make up 16 percent and Black women make up 10 percent of workers in the 40 lowest-paying jobs. In 2019, for every dollar earned by white, non-Hispanic men, Black women earned 63 cents, Native women earned 60 cents, and Latinas earned 55 cents. Raising the minimum wage would increase wages for a large number of women of color performing low-wage jobs. Research also shows that the gender wage gap is one-third less in states that require employers to pay tipped workers the standard minimum wage.
- 3. Increase economic security for the most vulnerable women.** Raising the minimum wage and eliminating the tipped wage would move a large percentage of women towards greater economic security and better safeguard them against common abuses such as sexual harassment, wage theft, and retaliation. More than one in four women would see a raise as women would make up around 59 percent of workers receiving an increase of around \$3,500 on average for women working year-round. 3.4 million Black women and 4 million Latinas would see an increase of approximately \$3,700. Raising the minimum wage would lift wages for nearly 8 million mothers.
- 4. Reduce racial inequity and help tackle structural racism.** Raising the minimum wage would increase wages for 31% of Black workers and 26% of Latinx workers. By helping to reduce the persistent pay gap between non-Hispanic white workers and Black, Hispanic, and Native American Workers, a wage increase would contribute towards tackling inequity at the heart of structural racism.
- 5. Provide Necessary Income for Essential Workers.** Essential workers, who have provided invaluable services both pre- and post-pandemic typically earn low wages with few to no benefits and have since endured unprecedented health and safety risks without any federal commitment to increase wages. Increasing the minimum wage and eliminating the tipped wage are essential steps in providing legitimate support to essential workers. The majority (approximately 58%) of essential workers making a low-wage are women, largely women are women of color. During the pandemic, tipped frontline workers have faced increased risk of contracting COVID-19 and ongoing sexual harassment.
- 6. Stimulate the economy.** Raising the minimum wage contributes to economic growth by increasing earnings of lowest-paid workers, including breadwinning mothers who drive consumer spending. Research shows that increasing the minimum wage has minimal impact on employment and does not significantly reduce number of jobs available to low-income workers.

What Must Legislation Do?

- Increase the federal minimum wage to better reflect cost of living so that minimum wage workers earn sufficient income to support themselves and their families free from poverty.
- Index the minimum wage to adjust to the cost of living over time to ensure that wages aren't artificially depressed despite inflation.
- Eliminate alternative minimum wages for certain categories (i.e. tipped workers, persons with disabilities) that create opportunities for exploitation.
- Ensure that the minimum wage applies equally to all categories of workers, including workers historically excluded such as domestic workers, farm workers, and contract workers. Existing exclusions are a vestige of slave era policies as well as emerging discriminatory practices that exclude industries with high concentrations of Black and immigrant workers from labor protections.

Why Support the Raise the Wage Act of 2021

- Would increase the federal minimum wage, in annual increments, to \$15 an hour by June 2025.
- Automatically adjusts the minimum wage each year to increase at the same rate as median hourly wages.
- Phases out the subminimum wage for tipped workers and people with disabilities.